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San Diego International Airport

San Diego County Regional Airport Authority
FY 2012 Adopted Budget & FY 2013 Approved Conceptual Budget

Finance Division
Financial Planning and Budget

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SAN DIEGO COUNTY
REGIONAL AIRPORT AUTHORITY

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June 2, 2011

Robert Gleason, Chairman
Tom Smisek, Vice Chair
Bruce R. Boland
Supervisor Greg Cox
Mayor Jim Desmond
Lloyd Hubbs
Jim Panknin
Paul Robinson
Councilmember Anthony K. Young

Dear Board Members:

Submitted herein is the San Diego County Regional Airport Authority's (the Authority) adopted operating and capital budget for Fiscal Year (FY) 2012 and an approved conceptual budget for FY 2013, marking the second year the Authority has issued a budget covering a two-year period. The budget is the culmination of an extensive, collaborative effort, which included workshops with members of the Board of Directors (the Board) and staff that evaluated the operating and capital improvement needs and obligations of the Authority. The budget also ensures adherence to the requirements of the master bond indenture governing the Authority's outstanding indebtedness and takes into account its obligations under state and federal law.

The goal of using multiyear budgeting is to facilitate integration of financial and strategic planning and resource allocation. Last year, the Board approved a FY 2012 Conceptual Budget as part of the FY 2011-2012 budget process. This year it was revised, and the Board adopted it as the FY 2012 Budget and approved the FY 2013 Conceptual Budget. Next year, the FY 2013 Conceptual Budget will be revised to reflect any changes in strategies and initiatives, as well as industry, economic and geopolitical events. This revised FY 2013 budget will be brought to the Board in June 2012 for review and formal adoption and a FY 2014 Conceptual Budget will be presented for approval at that time.

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

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

- Serving as the region's Airport Land Use Commission, a responsibility that includes developing comprehensive *land use plans* for the public-use and military airports in San Diego County.
- Strategically directing the allocation of resources to most effectively enable the Authority to operate SDIA in a manner that meets or exceeds customer expectations while simultaneously executing its legislative mandates. The budgets funds, among other things, the activities, infrastructure, equipment and technology needed to fulfill the Authority's strategies & initiatives in the coming fiscal year.

Guiding Principles

During FY 2011, the Authority refocused its strategies and initiatives, which are the guiding principles used for allocating scarce and restricted resources to SDIA programs as part of the budget process.

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

Figure 1 – FY 2012 & FY 2013 Authority Strategies & Sustainability Goals

Budget Priorities

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

Cost Containment: In our ongoing efforts to remain competitive and recognizing the financial pressures on our airline customers, we have undertaken cost containment measures that produce a 4.2% decrease in overall expenses before depreciation in the FY 2012 Budget. These measures included decreased funding of major maintenance, promotional activities and materials, certain management consulting expenses, and equipment outlay. Quieter Home Program expenditures also decreased as a result of reduced levels of federal grant funding and subsequent local match.

Sustainability: Sustainability has emerged as a global environmental theme and a major business imperative. The four sustainability elements of Economic Viability (E), Operational Excellence (O), Natural

Resource Conservation (N), and Social Responsibility (S) –EONS– have been adopted within the aviation industry as the core precepts for a holistic approach to airport sustainability.

CIP and Green Build Programs: The Airport's $1.2 billion capital expansion program through FY 2016 consists of the Capital Improvement Program (CIP) and the Green Build Program (also known as the Terminal Development Program). The CIP is a rolling five-year program and includes projects that address federal security requirements, airfield safety, environmental remediation, terminal upgrades, and development of the north side of SDIA. The Green Build provides for 10 additional passenger gates, a dual-level roadway at Terminal 2, and additional aircraft Remain Overnight parking areas.

North Side Development Project: Currently, the Airport Authority is designing and developing parking, a consolidated rental car facility, a centralized receiving and distribution center, and a fixed based operator facility on the north side of the airport, with an on-airport access road linking the rental car facility with the south side terminals.

Economic and Operational Trends Affecting the Budget

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 preparation of this budget were determined by evaluating consultant and Federal Aviation Administration (FAA) forecasts, recent trends, and airline service announcements.

The US economy is slowly emerging from a severe recession. The gross domestic product (GDP) decline in the fourth quarter 2008 (-5.4%) and first quarter 2009 (-4.6%) marked the most significant six month contraction since 1957–1958. GDP has subsequently increased in recent quarters reflecting improvements in the national economy (see Figure 2). In addition, recent equity gains are encouraging. From its low on March 5, 2009, to June 1, 2011, the Dow Jones increased 86% (see Figure 3).

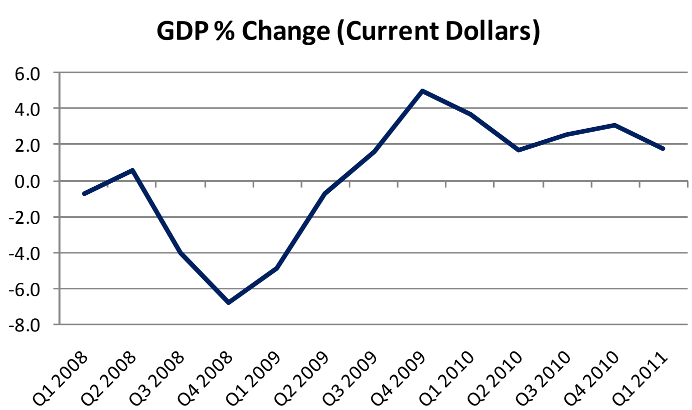


Figure 2 – GDP % Change

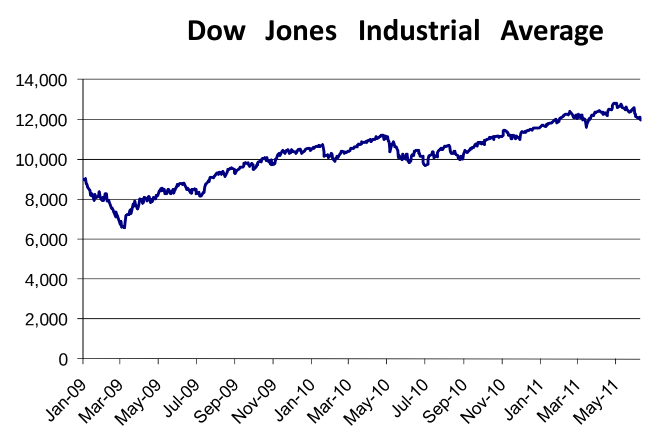


Figure 3 – Dow Jones Industrial Average

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

San Diego was tracking the US enplaned passenger trends until 2010 when it began to lag as seen in Figure 4. This reflects, in part, the stronger recovery at hub and international gateway airports from the effects of the economic downturn.

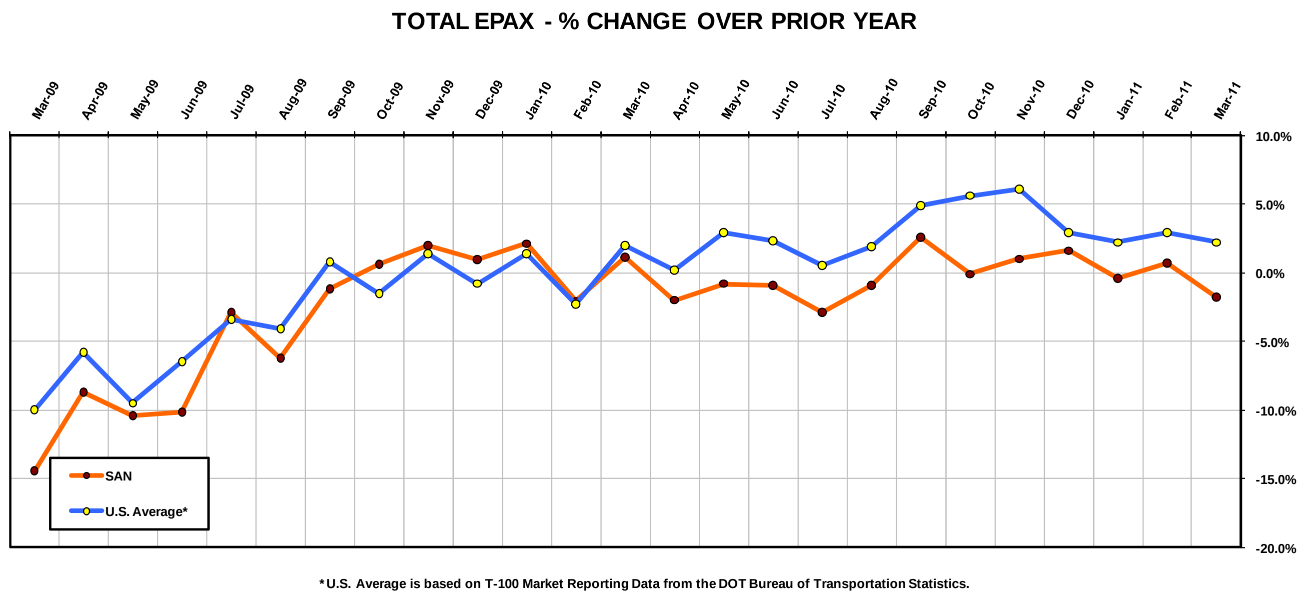


Figure 4 – Total Enplaned Passengers - SDIA vs. US Trend over Prior Year

Given these aforementioned uncertainties, it is beneficial for an airport to be served by a diverse carrier base that includes both legacy and low-cost carrier operations. SDIA is an origin and destination airport where no one carrier dominates and where a significant number of low-cost carriers serve the market. Service is provided by 17 scheduled passenger airlines. In CY 2010, Southwest Airlines served approximately 38.3% of all passengers who traveled through SDIA; their lead in market share is forecasted to continue. In CY 2010, low-cost carriers represented 45.4% of passenger enplanements at SDIA. Their presence in certain markets likely influenced pricing decisions by legacy carriers such as American, Delta, and United in those markets, thereby further stimulating passenger demand.

SDIA Enplaned Passengers, CY 2010

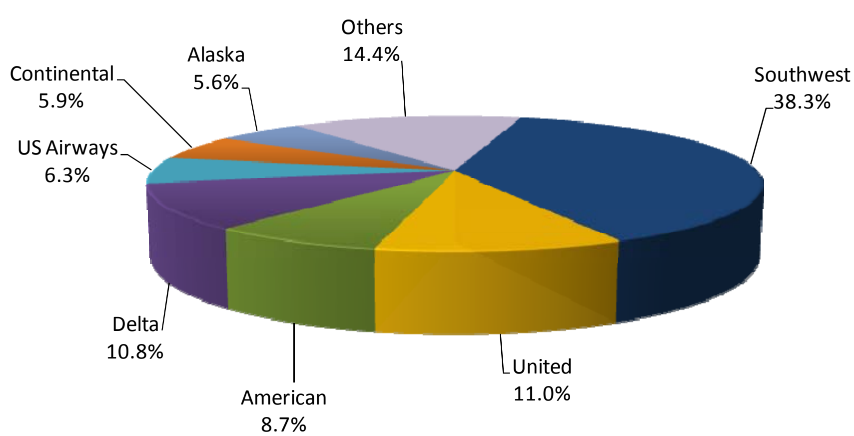
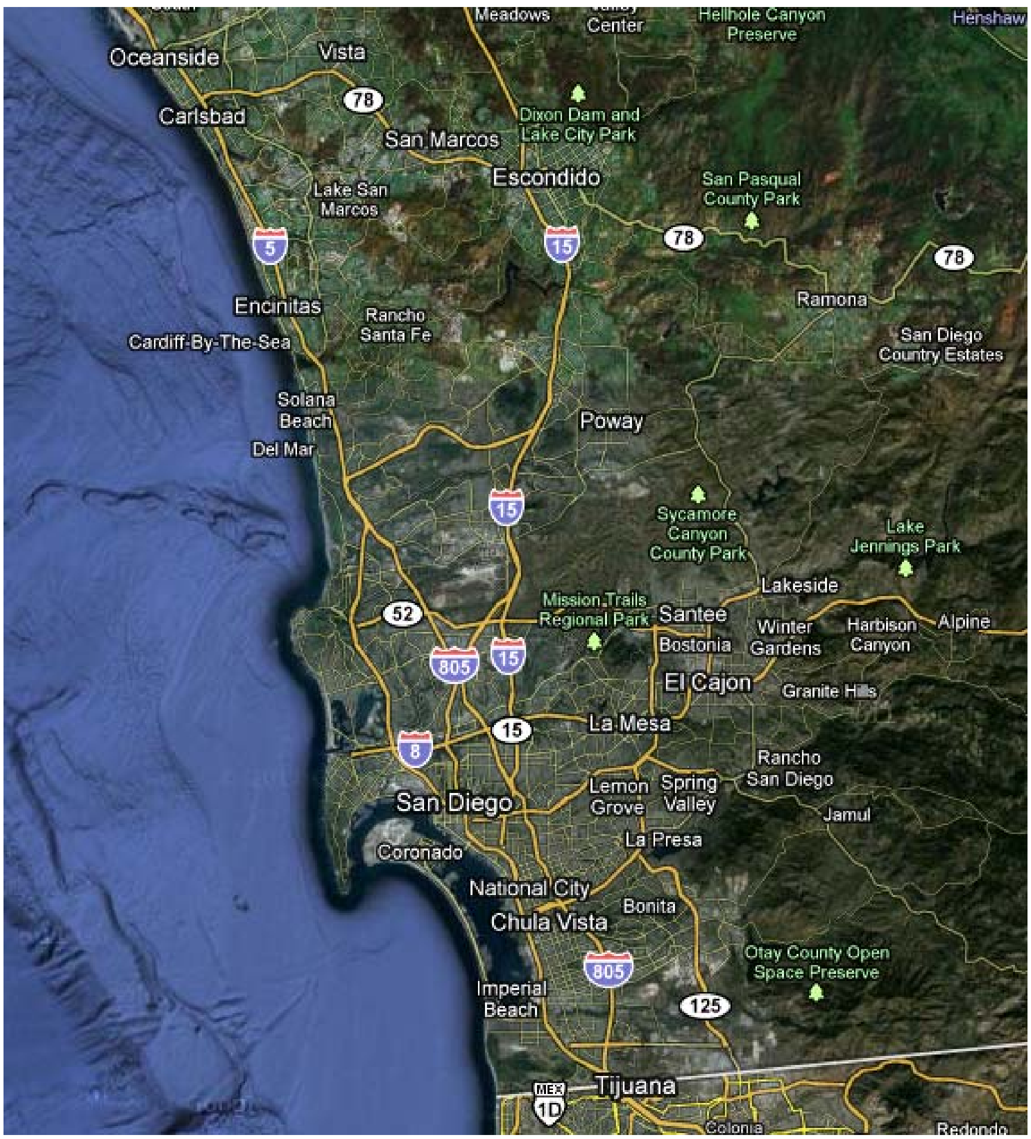


Figure 5 – SDIA Enplaned Passengers by Carrier

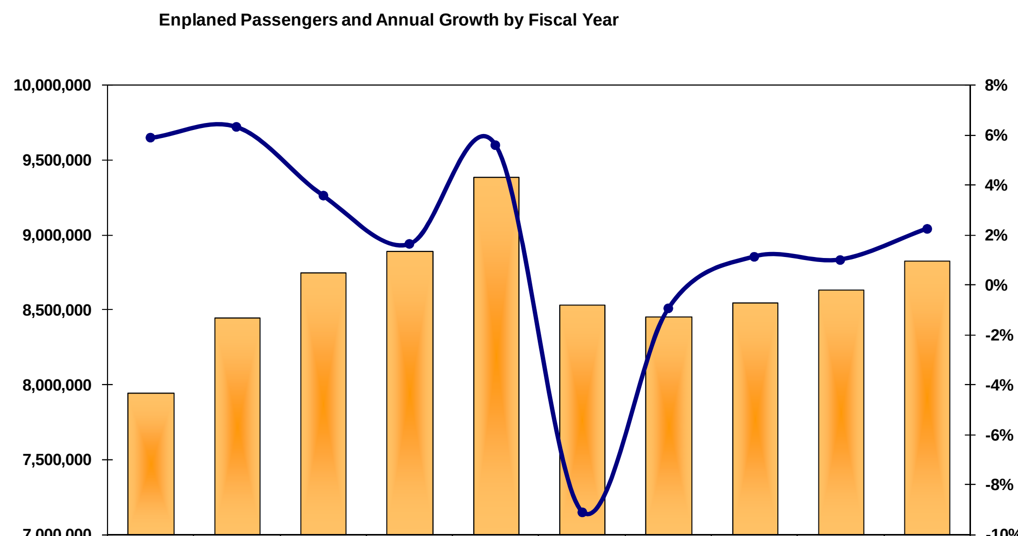
Passengers departing from SDIA can fly non-stop to 41 domestic destinations and 7 international destinations with one-stop connections to over 300 international destinations around the world. More than 75% of San Diego travelers can reach their destination on a nonstop flight. The Authority's Air Service Development Department continues to pursue expanded international and domestic opportunities**.**

The Air Trade Area for the airport includes San Diego County as well as portions of neighboring Orange and Riverside Counties and Baja California del Norte, Mexico. The California Department of Finance estimates the population of San Diego County to be 3,118,876 as of January 1, 2011. The county is the second largest county in California in terms of population and the City of San Diego ranks as the second largest city in the state. The majority of the county's population is concentrated in its western portion adjacent to the ocean. The largest cities in the county are San Diego (42%), Chula Vista (8%), Oceanside (5%), Escondido (5%), Carlsbad (3%), and El Cajon (3%). The combined San Diego/Tijuana metropolitan population is estimated to exceed 5 million inhabitants.



San Diego County has enjoyed a relatively stable economic climate during the past five years, with lower unemployment rates than the State of California. The US Bureau of Labor Statistics notes that the county's average unemployment rate for May 2011 was 9.9% compared to 11.7% for the state. This reflects the nature of the region's economy, which was once highly dependent on the defense industry but is now more diversified, providing an attractive mix of leisure and business sectors. The county is home to more than 150 publicly traded companies.

All of these economic and industry factors are reflected in the FY 2012 Budget and the FY 2013 Conceptual Budget, which are predicated on minimal passenger growth as shown in Figure 6. In FY 2012, enplaned passenger traffic at SDIA is projected to reach 8.64 million, which is flat to the FY 2011 Amended Budget and represents a 1.0% increase over the projected FY 2011 enplaned passengers of 8.55 million. This also represents a 3.6% decline from the FY 2012 Conceptual Budget. Enplaned passengers are projected to increase by 2.2% to 8.83 million in the FY 2013 Conceptual Budget.



	2004	2005	2006	2007	2008	2009	2010	2011*	2012*	2013*
Enplaned Passengers	7,947,440	8,449,107	8,749,734	8,892,069	9,389,327	8,535,774	8,453,886	8,549,592	8,636,000	8,830,000
% Change	5.9%	6.3%	3.6%	1.6%	5.6%	-9.1%	-1.0%	1.1%	1.0%	2.2%

* Projected FY 2011 and Budgeted FY 2012 and FY 2013

Figure 6 – Enplaned Passengers and Annual Growth

Passenger Satisfaction

Measuring passenger satisfaction at SDIA is critical in order to keep up with passenger expectations and the ever-evolving airport experience. Since 2004, SDIA has measured passenger satisfaction on a quarterly basis, resulting in cumulative annual passenger satisfaction trends. In 2010, Phoenix Marketing International (PMI), a top marketing and research firm with special expertise regarding airports and recognized by the American Marketing Association, reported an 87% satisfaction rating among passengers at SDIA. 696 passengers out of 800 (87%) rated their overall satisfaction a score of "4" or "5" (using a scale of 1 to 5, where 1 equals "very dissatisfied" and 5 equals "very satisfied"). In 2009, the airport received an 88% satisfaction rating , the airport's highest score in its seven years of surveying.

Financial Plan

The financial plan, which includes the FY 2012 Budget and the FY 2013 Conceptual Budget, is influenced by several factors. Primarily, the San Diego County Regional Airport Authority Act, the Authority's enabling legislation, frames the Authority's financial parameters. As part of that Act, the Authority must recommend a strategy for meeting the region's future airport needs. In addition, costs associated with the near-term improvement of SDIA have a significant financial impact. Other significant factors affecting the Authority's financial planning and budget process include the airline operating agreement, master bond indenture, and certain provisions required in Senate Bill 10.

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

Budget Summary

The following table summarizes the forecasted revenue and expenses of the FY 2012 Budget and FY 2013 Conceptual Budget before depreciation, bond principal repayment, and capital equipment outlays.

	FY 2010 Actuals	FY 2011 Amended Budget	FY 2012 Conceptual Budget	FY 2012 Budget	Inc/(Dec) FY12 vs FY11 Amended	% Change	Inc/(Dec) FY12 vs FY12 Conceptual	%	FY 2013 Conceptual Budget	Inc/(Dec) FY13 Conceptual vs FY12	% Change
Operating Revenue:											
Airline Revenue											
Landing Fees	$ 18,672,255	$ 19,030,300	$ 19,489,400	$ 19,774,600	$ 744,300	3.9%	$ 285,200	1.5%	$ 21,102,700	$ 1,328,100	6.7%
Aircraft Parking Fees	3,406,012	2,826,000	2,877,300	3,030,600	204,600	7.2%	153,300	5.3%	3,192,500	161,900	5.3%
Building Rentals	23,835,039	27,787,100	31,356,600	31,923,700	4,136,600	14.9%	567,100	1.8%	43,613,200	11,689,500	36.6%
Other Aviation Revenue	1,584,408	1,584,300	1,587,500	1,584,300	-	0.0%	(3,200)	-0.2%	1,587,500	3,200	0.2%
Security Surcharge	11,900,070	14,785,500	17,229,431	16,731,600	1,946,100	13.2%	(497,831)	-2.9%	19,597,600	2,866,000	17.1%
Total Airline Revenue	**59,397,783**	**66,013,200**	**72,540,231**	**73,044,800**	**7,031,600**	**10.7%**	**504,569**	**0.7%**	**89,093,500**	**16,048,700**	**22.0%**
Non-Airline Revenue											
Parking/Ground Transportation	30,295,842	32,903,091	33,836,782	33,593,662	690,570	2.1%	(243,120)	-0.7%	35,910,264	2,316,603	6.9%
Concessions	36,248,999	37,049,714	37,607,814	37,486,200	436,486	1.2%	(121,614)	-0.3%	40,052,250	2,566,050	6.8%
Ground Rentals	5,923,301	6,226,266	6,111,366	6,618,826	392,560	6.3%	507,460	8.3%	6,644,900	26,074	0.4%
Grant Reimbursements	1,257,284	1,100,990	214,500	214,500	(886,490)	-80.5%	-	0.0%	214,500	-	0.0%
Terminal Rent - Non-Airline	-	868,205	927,902	904,316	36,111	4.2%	(23,586)	-2.5%	943,034	38,718	4.3%
Other Operating Revenue	571,474	721,396	396,600	737,896	16,500	2.3%	341,296	86.1%	552,540	(185,356)	-25.1%
Total Nonairline Revenue	**74,296,901**	**78,869,663**	**79,094,964**	**79,555,400**	**685,737**	**0.9%**	**460,435**	**0.6%**	**84,317,489**	**4,762,089**	**6.0%**
Total Operating Revenue	**133,694,684**	**144,882,863**	**151,635,195**	**152,600,200**	**7,717,337**	**5.3%**	**965,004**	**0.6%**	**173,410,989**	**20,810,789**	**13.6%**
Operating Expenses											
Salaries and Benefits	35,386,261	38,557,425	41,064,346	38,388,356	(169,069)	-0.4%	(2,675,991)	-6.5%	40,865,224	2,476,869	6.5%
Contractual Services	27,998,903	29,291,161	29,072,753	27,157,202	(2,133,959)	-7.3%	(1,915,551)	-6.6%	28,309,667	1,152,465	4.2%
Safety and Security	20,131,012	20,657,433	20,772,833	20,850,032	192,599	0.9%	77,199	0.4%	20,850,032	-	0.0%
Space Rental	10,905,899	10,905,339	10,905,979	11,416,345	511,006	4.7%	510,366	4.7%	11,419,471	3,126	0.0%
Maintenance	9,230,944	7,938,898	8,016,640	7,722,794	(216,104)	-2.7%	(293,846)	-3.7%	8,504,357	781,563	10.1%
Utilities	6,871,135	7,048,000	7,239,715	6,666,515	(381,485)	-5.4%	(573,200)	-7.9%	7,625,215	958,700	14.4%
Operating Equipment & Systems	890,964	529,516	455,894	355,679	(173,837)	-32.8%	(100,215)	-22.0%	363,595	7,917	2.2%
Operating Supplies	412,911	381,379	417,037	317,658	(63,721)	-16.7%	(99,379)	-23.8%	348,007	30,349	9.6%
Insurance	1,166,209	1,222,750	1,211,560	1,020,000	(202,750)	-16.6%	(191,560)	-15.8%	1,020,000	-	0.0%
Employee Development & Support	990,128	1,340,969	1,365,427	1,120,966	(220,003)	-16.4%	(244,461)	-17.9%	1,134,785	13,819	1.2%
Business Development	2,032,862	2,202,076	2,478,340	2,340,378	138,302	6.3%	(137,962)	-5.6%	2,906,883	566,505	24.2%
Equipment Rentals & Repairs	1,270,944	1,574,373	1,616,421	1,678,046	103,673	6.6%	61,625	3.8%	1,750,179	72,133	4.3%
Total Operating Expenses before depreciation & amortization	**117,288,173**	**121,649,319**	**124,616,945**	**119,033,970**	**(2,615,349)**	**-2.1%**	**(5,582,975)**	**-4.5%**	**125,097,415**	**6,063,445**	**5.1%**
Income from Operations before depreciation & amortization	**16,406,512**	**23,233,544**	**27,018,251**	**33,566,230**	**10,332,686**	**44.5%**	**6,547,979**	**24.2%**	**48,313,574**	**14,747,344**	**43.9%**
Nonoperating Revenue/(Expense)											
Passenger Facility Charges	34,048,981	33,731,900	34,995,900	33,741,700	9,800	0.0%	(1,254,200)	-3.6%	34,499,700	758,000	2.2%
Customer Facility Charges	10,782,512	10,550,137	10,945,455	10,553,192	3,055	0.0%	(392,263)	-3.6%	23,954,377	13,401,185	127.0%
Quieter Home Program (Net) and Joint Studies	(1,873,442)	(3,868,800)	(3,286,500)	(3,184,547)	684,253	-17.7%	101,953	-3.1%	(3,184,547)	-	0.0%
BAB Interest Rebate	-	3,691,000	-	4,995,921	1,304,921	35.4%	4,995,921	0.0%	4,995,921	-	0.0%
Interest Income	6,666,720	5,982,549	7,928,871	5,338,136	(644,413)	-10.8%	(2,590,735)	-32.7%	6,024,881	686,745	12.9%
Gain/Loss on Investments	(2,065,843)	-	-	-	-	-	-	0.0%	-	-	-
Interest Expense	(2,683,595)	(13,382,833)	(10,986,229)	(11,370,827)	2,012,006	-15.0%	(384,598)	3.5%	(13,686,305)	(2,315,478)	20.4%
Bond Amortization Costs	(73,517)	(144,848)	(343,181)	(222,257)	(77,409)	53.4%	120,924	-35.2%	(355,334)	(133,077)	59.9%
Other Nonoperating income/(expenses)	(1,003,947)	(40,000)	(40,000)	(20,000)	20,000	-50.0%	20,000	-50.0%	(20,000)	-	0.0%
Total Other Nonoperating Revenue, net	**45,863,712**	**36,519,105**	**39,214,315**	**39,831,318**	**3,312,212**	**9.1%**	**617,002**	**1.6%**	**52,228,694**	**12,397,376**	**31.1%**
Income before capital grant contributions	**62,270,223**	**59,752,649**	**66,232,566**	**73,397,548**	**13,644,899**	**22.8%**	**7,164,982**	**10.8%**	**100,542,268**	**27,144,720**	**37.0%**
Capital Grant Contributions	27,350,431	43,318,051	23,906,079	19,907,452	(23,410,599)	-54.0%	(3,998,627)	-16.7%	9,353,732	(10,553,721)	-53.0%
Net Income before depreciation, principal & capital outlay	**$ 89,620,654**	**$ 103,070,700**	**$ 90,138,645**	**$ 93,305,000**	**$ (9,765,700)**	**-9.5%**	**$ 3,166,355**	**3.5%**	**$ 109,896,000**	**$ 16,591,000**	**17.8%**

FY 2012 Budget vs. FY 2012 Conceptual Budget

In FY 2011, the Board directed Authority staff to begin preparation of two-year budgets as a financial and organizational planning tool. As part of the budget process, staff used the approved FY 2012 Conceptual Budget as the basis for the FY 2012 Budget, modifying it to reflect changes in organizational strategy, economic assumptions, and the operating environment. One of the key changes is the decrease in projected enplaned passengers from 8.96 million to 8.64 million, a 3.6% decline based on current economic trends. Since the Authority's revenues and daily operations are significantly impacted by passenger traffic, these projections are critical components in developing the FY 2012 and FY 2013 revenue and expense budgets.

Revenue assumptions in the FY 2012 Conceptual Budget proved to be fairly accurate with the FY 2012 Budget containing only a 0.7% increase in airline revenues and 0.6% increase in non-airline revenues. Despite the decline in projected passenger enplanements, net non-airline revenues remained on target mainly due to an increase in ground rental revenues from a new lease agreement with FedEx.

Operating expenses in the FY 2012 Conceptual Budget were reduced in the FY 2012 Budget by 4.5%. These reductions were taken in almost all expense categories. The three largest areas included $2,675,991 (-6.5%) in Personnel Expenses, $1,915,551 (-6.6%) in Contractual Services, and $573,200 (-7.9%) in Utilities. Reductions in Personnel Expenses reflected a decrease in the actuarial percentage used to calculate projected cost of retirement benefits. The decrease in Contractual Services costs reflects decreased use of consultant services across the Authority and the decline in Utilities reflects additional energy reduction measures.

The remaining major difference between the FY 2012 Conceptual Budget and the FY 2012 Budget is in Interest Income, the Build America Bond (BAB) interest rebate, and Capital Grant Contributions. Interest Income was reduced by $2,590,735 (-32.7%) reflecting lower projected interest rates. The BAB interest rebate was not included in the FY 2012 Conceptual Budget. The Capital Grant Contribution declined by $3,998,627 (-16.7%) due to extending the costs of the baggage handling project into FY 2013.

FY 2012 Budget and FY 2013 Conceptual Budget

The FY 2012 Budget assumes 8.64 million enplaned passengers, which is virtually flat when compared to the 8.63 million enplanements used in the FY 2011 Amended Budget. The Authority currently projects to end FY 2011 with 8.55 million enplaned passengers, which is a 1.0% decrease from the FY 2011 Amended Budget. The FY 2013 Conceptual Budget is predicated on 8.83 million enplaned passengers, a 2.2% increase over budgeted FY 2012 enplanements.

Total operating revenues for FY 2012 are budgeted at $152,600,200, an increase of $7,717,337 (5.3%) over the FY 2011 Amended Budget. This revenue reflects two sources: 1) airline revenue of $73,044,800 and 2) non-airline revenue of $79,555,400. Airline revenue is derived primarily from landing fees, aircraft parking fees, terminal rents, and security related fees. Non-airline revenue is comprised of public parking fees, terminal and other concessions, rental car fees, and ground rents. FY 2013 operating revenues are budgeted at $173,410,989, an increase of $20,810,789 (13.6%), of which $89,093,500 represents airline revenue and $84,317,489 is from non-airline revenue.

Total FY 2012 airline revenue reflects an increase of $7,031,600 (10.7%), as compared to the FY 2011 Amended Budget. This result is mostly driven by higher building rentals of $4,136,600 and increased security surcharge costs of $1,946,100, reflecting an increase in the percentage allocation to the airlines. Total FY 2013 airline revenue is budgeted to increase by $16,048,700 (22.0%) compared to FY 2012 reflecting higher building rental rates and security surcharge costs.

Total FY 2012 non-airline revenue projects a net increase of $685,737 (0.9%) from the FY 2011 Amended Budget. This is primarily driven by a $690,570 budgeted increase in parking/ground transportation revenue (reflecting the second year of the ground transportation management cost recovery increase from 25% to

50%), a net increase of $436,486 in concession revenues predominantly from increases in rental car license fees, and a $392,560 increase in ground rentals from a new FedEx ground lease. These increases are offset by an $886,490 decrease in grant reimbursements due to the completion of the RASP program.

Total FY 2013 non-airline revenue is budgeted to increase by $4,762,089 (6.0%) compared to FY 2012. This increase reflects several factors including the third year of the ground transportation management cost recovery increase from 50% to 75%, increased concession revenues as a result of increased traffic, and additional concessionaire reimbursement for operating expenses (including recovery of costs associated with the Central Receiving and Distribution Center). In addition, the budget reflects higher car rental revenues associated with increased passenger traffic.

The divisional and departmental operating expense budgets of $119,033,970, which address the Authority's overall strategies, initiatives, and mandated obligations, reflect a reduction of $2,615,349 (-2.1%) in the Authority's FY 2012 operating expense budget from the FY 2011 Amended Budget. FY 2013 operating expenses are projected to increase by $6,063,445 (5.1%) over the FY 2012 Budget.

The FY 2012 net decreases are driven by a variety of factors. Salaries and Wages including overtime are projected to decrease compared to the FY 2011 Amended Budget by $482,531 (-1.6%), which reflects a net decrease of one authorized and funded position and a decrease in projected overtime. Employee benefits expenses are projected to decrease by $93,488 (-0.6%), reflecting lower retirement benefit costs, partially offsetting increased health care costs. These combined factors, together with capitalized labor expenses, resulted in a net decrease in Salaries and Benefits of $169,069 (-0.4%) for FY 2012. Contractual Services are projected to have a net decrease of $2,133,959 (-7.3%), reflecting decreased consultant costs in the Airport Planning, Public and Customer Relations, Facilities Development, and Real Estate Management departments, as well as lower temporary personnel costs and legal expenses. Partially offsetting these decreases are increases in parking management contract costs. FY 2012 Utilities costs are projected to decrease by $381,485 (-5.4%) as a result of energy reduction initiatives. FY 2013 operating expense increases are driven mostly by scheduled increases in salaries and benefits, contractual services, utilities, and maintenance associated with the new terminal facilities under construction.

FY 2012 non-operating revenue/(expense) is projected to generate $3,312,212 (9.1%) more revenue compared to the FY 2011 Amended budget. The budgeted revenue increase is primarily driven by a decrease in Interest Expense of $2,012,006 (-15.0%) and an increase in the BAB interest rebate of $1,304,921 (35.4%). FY 2013 non-operating revenue/(expense) is budgeted to increase by $12,397,376 (31.1%) reflecting increased customer facility charges associated with an anticipated change in collecting fees from a per transaction to a per day collection methodology in accordance with state legislation. This is offset by a $2,315,478 (20.4%) increase in interest expense.

FAA grant awards result from a federal program that provides funding for approved capital improvement projects. The FY 2012 capital grant contributions decrease of $23,410,599 (-54.0%) is due to completion of the remote and overnight aircraft parking expansion construction project. FY 2013 capital grant contributions are budgeted to decrease by $10,553,721 (-53.0%) due to completion of the baggage handling system project.

Projected Fund Balance

The Authority has one fund with many revenue sources. The Authority's fund balance statement projects that FY 2012 cash and investments will increase by $29,939,360 to $337,545,919 versus the FY 2011 Reforecast of $307,606,559. This increase of 9.7% is mostly due to higher operating revenues and the significant net increase in funds as a result of the sale of long-term debt in October 2010 to fund capital projects, as well as increases in the Passenger Facility Charge (PFC) and Customer Facility Charge (CFC) accounts. FY 2013 cash and investments are projected to increase by $21,115,682 (6.3%) to $358,661,601. 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 has identified several near-term improvement needs for SDIA, including, among others, additional terminal space, south-side aircraft remain-over-night parking positions, roadway access improvements, and ground transportation facilities improvements to meet the forecasted demand of increased passenger traffic at SDIA.

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

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

In addition to the Green Build Program, the Authority maintains a 5-year capital improvement program (CIP) that is intended to address critical improvements and asset preservation of SDIA. The Authority's current 5-year CIP includes projects that are to be undertaken at SDIA between FY 2012 and FY 2016 at an estimated cost of approximately $306 million. Together, the Green Build Program and CIP comprise the Authority's Capital Program.

Anticipated funding sources for the projects in the Capital Program include AIP and TSA grants, PFCs, CFCs, airport operating revenues, airport revenue bonds and short-term borrowing using commercial paper.

Sources of Funds	
Revenue Bonds	$ 872,915,000
PFCs	135,205,000
Federal Grants	118,271,000
CFCs	26,519,000
Authority Funds	17,585,000
Total Sources of Funds	**$ 1,170,495,000**

Use of Funds	
Green Build Program	$864,613,000
CIP Pre-2012 – 2016	305,882,000
Total Use of Funds	**$1,170,495,000**

Capital expenditures include any expenditure over $5,000 with a useful life of at least one year. Projected FY 2012 CIP and Green Build capital expenditures total $401,865,357. This is further discussed, with detailed descriptions, in the section titled ***Capital Program***.

Airline Operating Agreement

The current five-year airline operating agreement expires June 30, 2013. The Authority currently recovers almost 100% of its airfield costs through the landing fees and other aviation charges. Landing fees are charged to passenger and cargo carriers for each aircraft landing based on the aircraft's maximum gross landed weight. The Authority encourages carriers to efficiently use existing aircraft parking positions, both at the terminal gates and remotely, which are in short supply. The aircraft parking fee is projected to recover approximately 13.1% of airfield costs in FY 2012 and in FY 2013.

Terminal rentals reflect a recovery of terminal building costs allocated to airline occupied facilities. The current agreement contains cost recovery at 60% in FY 2012, with a progressive increase in this percentage to approximately 77% in FY 2013, based upon airline occupied areas divided by rentable square footage. The Authority does not receive revenue for vacant facilities.

The following table sets forth historical and projected landing fees, aircraft parking rate per position, terminal rental rates, and costs per enplaned passenger for FY 2010 through FY 2013:

	FY 2010 Actuals	FY 2011 Budget	FY 2012 Budget	FY 2013 Conceptual Budget
Landing Fee[1]	$ 1.71	$ 1.77	$ 1.89	$ 1.95
Aircraft Parking per Position [2]	$ 64,814	$ 56,521	$ 59,423	$ 62,597
Terminal Rental Rate[3]	$ 70.51	$ 86.65	$ 99.81	$ 136.72
Airline Cost / Enplaned Passenger	$ 6.73	$ 7.49	$ 8.32	$ 9.93

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

Figure 7 – Airline Fees and Charges

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

Outstanding Debt

The Authority's outstanding long-term debt will consist of $37,960,000 of revenue refunding bonds, Series 2005 (Series 2005 Bonds) and $571,850,000 of subordinate airport revenue bonds, Series 2010 (Series 2010 Bonds) as of July 1, 2011. The Authority does not have a legal debt limit. The master bond indenture requires the Authority to establish certain reserves and to maintain net revenues after the payment of operation and maintenance expenses equal to at least 1.25 times (1.25x) debt service and subordinate net revenues at 1.10 times (1.10x) the 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.

This is further discussed in the ***Debt Service*** section of this document. Debt service coverage (generally consisting of revenue less operating expenses divided by principal and interest requirements for the fiscal year) is displayed in the following table. For FY 2012, debt service coverage on aggregate debt is projected to be 2.29x and 2.56x for FY 2013.

The Authority's outstanding short-term debt will consist of $21,509,000 of Series B (AMT) commercial paper as of July 1, 2011. The authorized commercial paper program provides for borrowings up to $250,000,000 through September 1, 2027 and is secured by a pledge of net airport revenues, subordinated to the payment of the Series 2005 Bonds. Each series of notes is additionally secured by an irrevocable letter of credit issued by Lloyds TSB Bank plc, which expires on September 10, 2014. Each commercial paper note matures at the end of a period not to exceed 270 days and can be continually rolled into another issuance until the earlier of September 10, 2014, or five days prior to the date no letter of credit secures the commercial paper notes. At that time, the total outstanding principal becomes due. The commercial paper notes require that charges for services be set each year at rates sufficient to produce Pledged Revenues of at least 1.10x debt service on subordinate obligations, including the commercial paper notes, for that year.

The Authority is anticipating selling additional debt in FY 2013 to fund the capital program. The FY 2013 Conceptual Budget assumes an additional bond sale of approximately $515 million, however, the exact amount and timing will continue to be evaluated. The following table shows debt service coverage on aggregate, senior and subordinate lien debt. The subordinate lien debt includes Series 2010 Bonds and commercial paper.

	FY 2010 Actuals	FY 2011 Budget	FY 2012 Budget	FY 2013 Conceptual Budget
Aggregate Debt Service Coverage (x)	3.74	3.06	2.29	2.56
Senior Lien Debt Service Coverage (x)	4.08	5.30	8.06	10.91
Subordinate Lien Debt Service Coverage (x) Coverage	33.55	5.90	2.79	3.05

Figure 8 – Debt Service Coverage

Budget Process

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

In January, the Financial Planning and Budget staff reviews the first six months of the then-current fiscal year and departments submit budget requests reflecting operating needs and programs to achieve the Authority's strategies and initiatives. Personnel, contractual services, utilities, maintenance, supplies and materials, business development, employee support, fixed assets (property, plant, and equipment), and capital projects are proposed and reviewed. The Financial Planning & Budget, Human Resources, Purchasing, Information Technology, and Facility Development departments analyze the requests and determine the cost impact where appropriate. Meetings are held with each division to review their budget requests.

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

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

Figure 9 – SDCRAA Budget Calendar

Conclusion

Every effort has been made to ensure that the FY 2012 Budget and the FY 2013 Conceptual Budget reflect the priorities of the Authority's Board, and meets all federal safety and security mandates and legislative requirements. This budget also allows the Authority to fulfill its strategies & initiatives in the coming fiscal year and provides for the continued operation of SDIA while maintaining a strong fiscal foundation to support the organization well into the future.

Respectfully submitted,

Thella F. Bowens	Vernon D. Evans, CPA
President/Chief Executive Officer	Treasurer/Chief Financial Officer

Sixth Consecutive Award of the GFOA Distinguished Budget Presentation Award

The Authority received its sixth 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, 2010. 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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Board of Directors

Robert H. Gleason, Chairman *

Tom Smisek, Vice Chair *

Bruce R. Boland

Supervisor Greg Cox*

Mayor Jim Desmond

Lloyd Hubbs

Jim Panknin

Paul Robinson

Councilman Anthony K. Young

Ex- Officio Members

Laurie Berman

Pedro Reyes

Colonel Frank R. Richie

*Executive Committee

Executive Management Team

Thella F. Bowens
President / CEO

Mark Burchyett
Chief Auditor

Brent Buma
Vice President
Marketing & Communications Division

Vernon D. Evans
Vice President
Finance Division

Bryan Enarson
Vice President
Development Division

Angela Shafer-Payne
Vice President
Planning & Operations Division

Breton K. Lobner
General Counsel

Jeffrey Woodson
Vice President
Administration Division

Director Staff

Murray Bauer
Director
Landside Operations

David Boenitz
Director
Business Planning

Scott Brickner
Director
Financial Planning & Budget

George Condon
Director
Airside Operations, Aviation Security & Public Safety

Hampton Brown
Director
Air Services Development

David Brush
Director (Acting)
Terminal Development Program (TDP)

Dan Frazee
Director
Airport Noise Mitigation

Iraj Ghaemi
Director
Facilities Development

Matt Harris
Senior Director
Executive Office

Wayne Harvey
Director
Facilities Maintenance

Kathy Kiefer
Director
Accounting

Howard Kourik, Jr.
Director
Information Technology

Mike Kulis
Director
Inter-Governmental Relations

Richard Kwiatkowski
Director
Marketing

Troy Ann Leech
Director
Real Estate Management

Jeffrey Lindeman
Director
Human Resources

Diana Lucero
Director
Public & Customer Relations

Paul Manasjan
Director
Environmental Affairs

Tony Russell
Director / Authority Clerk
Corporate Services

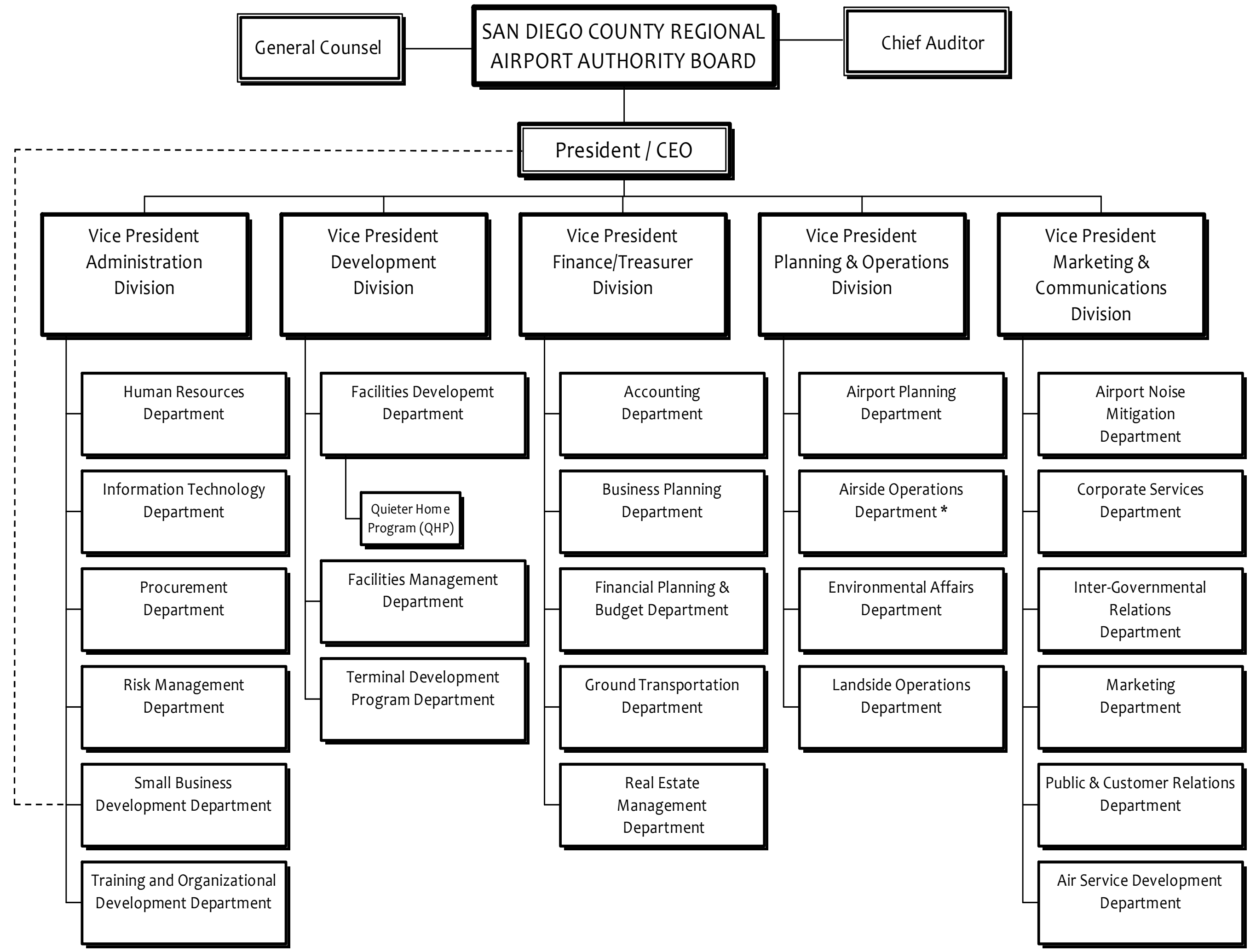
Bob Silvas
Director
Small Business Development

Jana Vargas
Director
Procurement

Keith Wilschetz
Director
Airport Planning

Diann Wilson
Director
Training and Organizational Development

SDCRAA Organizational Structure



** The Aviation Security & Public Safety Department is included in the Airside Operations Department*

Organizational Strategies & Initiatives

During FY 2011, the Authority refocused its strategies and initiatives*, which are the guiding principles used for the allocation of scarce and restricted resources to SDIA programs as part of the budget process.

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

Figure 10 –Authority Strategies & Sustainability Goals

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

2. **Customer Strategy: Achieve the highest level of internal and external customer satisfaction**
   - Identify opportunities to raise levels of passenger satisfaction
   - Identify opportunities to raise levels of tenant satisfaction
   - Provide, as part of The Green Build, state-of-the-art passenger processing facilities and increased concession offerings to enhance customer travel experience

**formerly referred to as Organizational Goals & Strategies*

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

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

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

Sustainability Goals & Strategies

Purpose

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

Policy Statement

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

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

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

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

Overview of Financial Policies and Guidelines

Overview of Financial Policies and Guidelines

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

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

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

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

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

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

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

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

- Manage and monitor existing debt to optimize financial structure, control costs, and ensure compliance with bond financing covenants
- Oversee the issuance of new debt in order to maintain access to capital markets and other sources of capital financing at a reasonable cost

- Obtain and maintain the highest possible credit ratings on debt consistent with the overall objectives of the Authority
- Explore and implement prudent debt structuring ideas when consistent with the debt issuance and management goals described in the policy
- Provide the required secondary market disclosure to the rating agencies, institutional and retail investors via appropriate repositories
- Comply with all federal and state laws and regulations, as well as bond indenture, tax compliance, and reimbursement agreement covenants
- Protect the assets and funds entrusted to the Authority

The Authority reviews its outstanding debt, at least annually, for the purpose of determining refinancing or restructuring opportunities, commensurate with applicable tax laws, to lessen its debt service costs. In order to consider refunding of an issue, a present value savings of 3% over the life of the respective issue must be attainable. The Authority will only issue long-term debt if it meets the required covenants of the outstanding bond indenture including the additional bonds test and reserve requirements.

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

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

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

The adopted policy provides for the following:

1. Allows for the Authority to use derivates to increase its financing flexibility

2. Insures that derivatives are used appropriately and not for speculative purposes

3. Provides detailed and conservative criteria regarding qualifications of firms making swap payments (counterparties) or providing financial guarantees, including collateral requirements and exposure limits, to insure that the Authority maintains maximum flexibility and security when negotiating a specific derivative agreement

4. Provides for detailed monitoring and evaluation on an ongoing basis to identify all actual and potential risks associated with outstanding and anticipated derivative agreements

5. Requires Board approval of each agreement based upon guidelines provided for in the policy

6. Enhances price transparency by requiring derivative products to be competitively bid (unless the Board approves an alternative method)

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

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

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

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

	FY 2006	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011 projected
Unrestricted & Undesignated Cash & Available Funds ('000)	$ 65,477	$ 68,841	$ 79,041	$ 68,242	$ 105,997	$ 139,186
Unrestricted & Designated for Specific Capital Projects & Other	8,218	16,154	9,471	6,151	20,896	4,724
O&M and R&R Reserves	42,201	44,797	49,988	47,303	45,708	45,098
Total Unrestricted & Available Funds per Board Policy	**$ 115,896**	**$ 129,793**	**$ 138,500**	**$ 121,696**	**$ 172,600**	**$ 189,008**
Operating Expenses	**$ 101,356**	**$ 104,551**	**$ 113,985**	**$ 115,278**	**$ 117,288**	**$ 120,798**
Days Cash on Hand	**417**	**453**	**444**	**385**	**537**	**571**

Figure 11 – FY 2006 to FY 2011 Projected Historical Liquidity

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

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

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

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Budget Overview: Expenses

FY 2012 Budget – FY 2013 Conceptual Budget Expense Comparison

	FY 2010 Actuals	FY 2011 Amended Budget	FY 2012 Conceptual Budget	FY 2012 Budget	Inc/(Dec) FY12 vs FY11 Amended	% Change	Inc/(Dec) FY12 vs FY12 Conceptual	% Change	FY 2013 Conceptual Budget	Inc/(Dec) FY13 Conceptual vs FY12	% Change
Operating Expenses:											
Personnel Expenses											
Salaries and Wages	$ 26,624,039	$ 28,277,634	$ 28,691,213	$ 27,958,951	$ (318,683)	-1.1%	$ (732,263)	-2.6%	$ 29,259,763	$ 1,300,812	4.7%
Premium Overtime	1,033,432	973,658	979,500	809,810	(163,848)	-16.8%	(169,690)	-17.3%	874,810	65,000	8.0%
Employee Benefits	12,667,161	15,824,400	18,172,379	15,730,912	(93,488)	-0.6%	(2,441,466)	-13.4%	17,099,121	1,368,209	8.7%
Subtotal	40,324,632	45,075,692	47,843,092	44,499,673	(576,019)	-1.3%	(3,343,418)	-7.0%	47,233,694	2,734,021	6.1%
Less: Capitalized Labor	*(3,918,208)*	*(5,464,036)*	*(5,666,698)*	*(5,392,908)*	*71,128*	*-1.3%*	*273,790*	*-4.8%*	*(5,610,661)*	*(217,753)*	*4.0%*
Less: QHP - Labor/Burden/Labor Overhead	*(1,020,163)*	*(1,054,231)*	*(1,112,047)*	*(718,409)*	*335,822*	*-31.9%*	*393,638*	*-35.4%*	*(757,809)*	*(39,400)*	*5.5%*
Total Personnel Expenses	**35,386,261**	**38,557,425**	**41,064,346**	**38,388,356**	**(169,069)**	**-0.4%**	**(2,675,991)**	**-6.5%**	**40,865,224**	**2,476,869**	**6.5%**
Non-Personnel Expenses											
Contractual Services	27,998,903	29,291,161	29,072,753	27,157,202	(2,133,959)	-7.3%	(1,915,551)	-6.6%	28,309,667	1,152,465	4.2%
Safety and Security	20,131,012	20,657,433	20,772,833	20,850,032	192,599	0.9%	77,199	0.4%	20,850,032	-	0.0%
Space Rental	10,905,899	10,905,339	10,905,979	11,416,345	511,006	4.7%	510,366	4.7%	11,419,471	3,126	0.0%
Utilities	6,871,135	7,048,000	7,239,715	6,666,515	(381,485)	-5.4%	(573,200)	-7.9%	7,625,215	958,700	14.4%
Maintenance	9,230,944	7,938,898	8,016,640	7,722,794	(216,104)	-2.7%	(293,846)	-3.7%	8,504,357	781,563	10.1%
Operating Equipment & Systems	890,964	529,516	455,894	355,679	(173,837)	-32.8%	(100,215)	-22.0%	363,595	7,917	2.2%
Operating Supplies	412,911	381,379	417,037	317,658	(63,721)	-16.7%	(99,379)	-23.8%	348,007	30,349	9.6%
Insurance	1,166,209	1,222,750	1,211,560	1,020,000	(202,750)	-16.6%	(191,560)	-15.8%	1,020,000	-	0.0%
Employee Programs	990,128	1,340,969	1,365,427	1,120,966	(220,003)	-16.4%	(244,461)	-17.9%	1,134,785	13,819	1.2%
Business Development	2,032,862	2,202,076	2,478,340	2,340,378	138,302	6.3%	(137,962)	-5.6%	2,906,883	566,505	24.2%
Equipment Rentals & Repairs	1,270,944	1,574,373	1,616,421	1,678,046	103,673	6.6%	61,625	3.8%	1,750,179	72,133	4.3%
Total Non-Personnel Expenses	**81,901,911**	**83,091,894**	**83,552,599**	**80,645,614**	**(2,446,280)**	**-2.9%**	**(2,906,984)**	**-3.5%**	**84,232,191**	**3,586,577**	**4.4%**
Total Operating Expenses	**$ 117,288,173**	**$ 121,649,319**	**$ 124,616,945**	**$ 119,033,970**	**$ (2,615,349)**	**-2.1%**	**$ (5,582,975)**	**-4.5%**	**$ 125,097,415**	**$ 6,063,445**	**5.1%**
Non-Operating Expenses:											
Joint Studies/Sound Attenuation	20,871,887	18,375,000	15,375,000	15,264,946	(3,110,054)	-16.9%	(110,054)	-0.7%	15,264,946	-	0.0%
Debt Service	5,862,112	17,537,681	14,759,410	16,783,084	(754,597)	-4.3%	2,023,674	13.7%	19,456,639	2,673,555	15.9%
Legal Settlements Expense	22,439	40,000	40,000	20,000	(20,000)	-50.0%	(20,000)	-50.0%	20,000	-	0.0%
Total Non-Operating Expenses	**26,756,450**	**35,952,681**	**30,174,410**	**32,068,030**	**(3,884,651)**	**-10.8%**	**1,893,620**	**6.3%**	**34,741,585**	**2,673,555**	**8.3%**
Total Expenses	**144,044,623**	**157,602,000**	**154,791,355**	**151,102,000**	**(6,500,000)**	**-4.1%**	**(3,689,355)**	**-2.4%**	**159,839,000**	**8,737,000**	**5.8%**
Equipment Outlay	**796,973**	**293,000**	**513,645**	**198,000**	**(95,000)**	**-32.4%**	**(315,645)**	**-61.5%**	**198,000**	**-**	**0.0%**
Total Authority Expenses incl Equip Outlay	**$ 144,841,596**	**$ 157,895,000**	**$ 155,305,000**	**$ 151,300,000**	**$ (6,595,000)**	**-4.2%**	**$ (4,005,000)**	**-2.6%**	**$ 160,037,000**	**$ 8,737,000**	**5.8%**

Major Drivers of FY 2012 Budget Increase / (Decrease)

	Inc/(Dec) FY2012 vs FY11 Amended	Inc/(Dec) FY2012 vs FY12 Conceptual
FY 2011 Amended / FY 2012 Conceptual Budget	**$ 157,895,000**	**$ 155,305,000**
Personnel:		
1 New & 4 Unfrozen positions (salaries, benefits & employer taxes)	457,029	457,030
Capitalized labor / QHP - labor, burden, labor overhead increase	406,949	667,428
Burden (benefits & employer taxes) (decrease) for current staff	(28,460)	(2,376,440)
Salary adjustments net of vacancy savings	(315,089)	(734,509)
2 Eliminated & 4 Frozen positions (salaries, benefits & employer taxes)	(689,499)	(689,499)
Total (decrease) in salaries and benefits, net	**(169,069)**	**(2,675,991)**
Safety and Security:		
Net Increase in Aircraft Rescue Fire Fight (ARFF), Emergency Medical Services (EMS), and contract security services costs	1,193,202	1,077,802
(Decrease) in law enforcement costs - Harbor Police Department	(1,000,603)	(1,000,603)
Regional Aviation Planning Programs:		
(Decrease) in Airport Land Use Compatibility Plans (ALUCPs) costs	(341,000)	(341,000)
(Decrease) in miscellaneous Airport Planning projects, GIS tool, lease tern costs	(445,000)	(200,000)
(Decrease) in Community outreach and Green Build marketing costs	(558,000)	(450,000)
(Decrease) in Regional Aviation Strategic Plan (RASP) outreach and consultant costs	(1,092,000)	(75,000)
Terminal and Landside (Operations & Maintenance):		
Increase in parking operating management contract costs	1,231,798	1,118,058
Expiration of rent credit amortization	511,006	510,366
Increase / (Decrease) in Concession Development Program (CDP) tenant support and outside consultant costs	91,667	(708,333)
(Decrease) in Tenant Improvement Program costs	(200,000)	(200,000)
(Decrease) in major maintenance repair project and annual maintenance contract, other supplies & other service costs	(334,000)	(434,000)
(Decrease) in utility, custodial contract, waste removal and other service costs	(462,134)	(742,249)
Other Operating Expenses:		
Increase in domestic & international air service advertising costs	285,000	203,000
Increase in Executive Office strategic consultant costs	130,000	130,000
Increase / (Decrease) in promotional activities and materials costs	59,412	(165,203)
(Decrease) in insurance costs	(202,750)	(191,560)
(Decrease) in seminars & training and employee & business travel costs	(209,162)	(257,252)
(Decrease) in IT service (EnterpriseOne ERP Production - WTS Hosting and paging) costs	(232,994)	(232,994)
(Decrease) in purchase of operating equipment and systems and operating supplies	(237,558)	(199,594)
(Decrease) in temporary personnel costs	(273,250)	(319,420)
(Decrease) in Marketing & Communications Division outside consultant costs (other than community & RASP outreach costs)	(318,556)	(321,800)
(Decrease) other (net)	(41,359)	(107,202)
Total (Decrease) in Non-Personnel Operating expenses, net	**(2,446,280)**	**(2,906,984)**
Total (Decrease) in Operating expenses	**(2,615,349)**	**(5,582,975)**
Debt Service:		
(Decrease) / Increase in debt service costs	(754,597)	2,023,674
Other Non-Operating Expenses:		
(Decrease) in Quieter Home Program (QHP) costs	(3,010,054)	(10,054)
(Decrease) other (net)	(120,000)	(120,000)
Total (Decrease) / Increase in Non-Operating expenses	**(3,884,651)**	**1,893,620**
Equipment Outlay:		
(Decrease) in equipment outlay costs	(95,000)	(315,645)
Total (Decrease)	**(6,595,000)**	**(4,005,000)**
FY 2012 Budget	**$ 151,300,000**	**$ 151,300,000**

Major Drivers of FY 2013 Conceptual Budget Increase / (Decrease)

		Inc/(Dec) FY13 Conceptual vs FY12
FY 2012 Budget	**$**	**151,300,000**
Personnel:		
Burden (benefits & employer taxes) increase for current staff		1,192,772
Salary adjustments net of vacancy savings		1,111,211
5 New / 6 Unfrozen positions (salaries, benefits & employer taxes)		430,039
Capitalized labor / QHP - labor, burden, labor overhead (decrease)		(257,152)
Total increase in salaries and benefits, net		**2,476,869**
Regional Aviation Planning Programs:		
Increase in Community outreach and Green Build marketing costs		700,000
Increase in miscellaneous Airport Planning projects, GIS tool, lease tern costs		220,000
Terminal and Landside (Operations & Maintenance):		
Increase in utility, custodial contract, waste removal and other service costs		1,272,807
Central receiving & distribution center (CRDC) operator costs		871,950
Increase in Concession Development Program (CDP) tenant support and outside consultant costs		500,000
Increase in parking operating management contract costs		356,808
Increase in major maintenance repair project and annual maintenance contract, other supplies & other service costs		281,000
(Decrease) in Tenant Improvement Program costs		(100,000)
Other Operating Expenses:		
Increase in promotional activities and materials costs		150,300
(Decrease) in Executive Office strategic consultant costs		(135,000)
(Decrease) in Accounting outside consultant and auditing costs		(195,000)
(Decrease) in domestic & international air service advertising costs		(240,000)
(Decrease) other (net)		(96,287)
Total Increase in Non-Personnel Operating expenses, net		**3,586,577**
Total Increase in Operating expenses		**6,063,445**
Debt Service:		
Increase in debt service costs		2,673,555
Total Increase in Non-Operating expenses		**2,673,555**
Total Increase		**8,737,000**
FY 2013 Conceptual Budget	**$**	**160,037,000**

Overview

In FY 2012, SDCRAA Total Expenses, including debt service and equipment outlay, are projected to decrease to $151,300,000 from $157,895,000 in the FY 2011 Amended Budget and from $155,305,000 in the FY 2012 Conceptual Budget. This represents a decrease of $6,595,000 (-4.2%) and $4,005,000 (-2.6%) respectively. The FY 2013 conceptual budget contemplates Total Expenses increasing to $160,037,000. This represents an increase of $8,737,000 (5.8%).

Personnel Expenses

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

In FY 2012, Salaries & Wages are projected to decrease by $482,531 from the FY 2011 Amended Budget and by $901,952 from the FY 2012 Conceptual Budget, which reflects a net decrease of one authorized and funded position and a decrease in projected overtime. Employee benefits expenses are projected to decrease by $93,488 from the FY 2011 Amended Budget and by $2,441,466 from the FY 2012 Conceptual Budget reflecting a decrease in the actuarial percentage used to calculate projected cost of retirement benefits. These decreased costs were partially offset by increased health care costs. These combined factors, together with capitalized labor expenses, resulted in a net decrease of $169,069 (-0.4%) in the FY 2012 Budget from the FY 2011 Amended Budget and a net decrease of $2,675,991 (-6.5%) from the FY 2012 Conceptual Budget.

In FY 2013, Salaries and Wages are projected to increase by $1,365,812 reflecting a net increase of 11 authorized and funded positions and wage & salary increases required under union contract agreements and projected overtime. Employee benefits expenses are projected to increase by $1,368,209 (8.7%) reflecting increased costs associated with retirement and health benefits. These combined factors, together with capitalized labor expenses, are projected to result in a net increase of $2,476,869 (6.5%) in FY 2013.

Non-Personnel Expenses

Contractual Services

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

In FY 2012, Contractual Services are budgeted to have a net decrease of $2,133,959 (-7.3%) from the FY 2011 Amended Budget and a net decrease of $1,915,551 (-6.6%) from the FY 2012 Conceptual Budget. The largest components of this decline reflect decreased consultant costs in the Airport Planning, Public & Customer Relations, Facilities Development, and Real Estate Management departments, temporary personnel costs and legal expenses. These declines are partially offset by increased parking management contract costs.

In FY 2013, Contractual Services are budgeted to increase by $1,152,465 (4.2%) from the FY 2012 Budget reflecting increased parking management contract costs & central receiving and distribution center (CRDC) operator costs.

Safety and Security

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

In FY 2012, Safety and Security costs are projected to increase by $192,599 (0.9%) over the FY 2011 Amended Budget and by $77,199 (0.4%) over the FY 2012 Conceptual Budget. The majority of this increase reflects an increase in budgeted Aircraft Rescue Fire Fighting (ARFF) and Emergency Medical Services (EMS) costs, which are offset by decreases in budgeted Harbor Police costs and contract security service costs.

FY 2013 Safety and Security costs are projected to remain flat to the FY 2012 Budget.

Space Rental

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

FY 2012 Space Rental costs are projected to increase by $511,006 (4.7%) over the FY 2011 Amended Budget and by $510,366 (4.7%) over the FY 2012 Conceptual Budget. The increase reflects expiration of rent credit amortization.

FY 2013 Space Rental Costs are projected to remain almost flat to the FY 2012 Budget.

Utilities

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

FY 2012 Utilities costs are projected to decrease by $381,485 (-5.4%) from the FY 2011 Amended Budget and by $573,200 (-7.9%) from the FY 2012 Conceptual Budget reflecting results of the energy reduction initiatives. Specifically, this has been a commissioning program in the central plant and the terminals that have groomed the performance of these facilities.

FY 2013 Utilities costs are budgeted to increase by $958,700 (14.4%) over the FY 2012 Budget reflecting additional facilities and 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 2012 Maintenance expenses are projected to decrease by $216,104 (-2.7%) from the FY 2011 Amended Budget and by $293,846 (-3.7%) from the FY 2012 Conceptual Budget reflecting a streamlining of services to enhance efficiency.

FY 2013 Maintenance expenses are projected to increase by $781,563 (10.1%) reflecting additional facilities being constructed as part of the capital program.

Operating Equipment and Systems

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

FY 2012 Operating Equipment and Systems expenses are projected to decrease by $173,837 (-32.8%) from the FY 2011 Amended Budget and by $100,215 (-22.0%) from the FY 2012 Conceptual Budget. This decrease primarily reflects declines in IT related costs.

FY 2013 Operating Equipment & Systems expenses are projected to remain almost flat to the FY 2012 Budget.

Operating Supplies

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

FY 2012 Operating Supplies expenses are projected to decrease by $63,721 (-16.7%) from the FY 2011 Amended Budget and by $99,379 (-23.8%) from the FY 2012 Conceptual Budget.

FY 2013 Operating Supplies expenses are projected to increase by $30,349 (9.6%) from the FY 2012 Budget reflecting an increase in headcount.

Insurance

FY 2012 Insurance expenses are projected to decrease by 202,750 (-16.6%) from the FY 2011 Amended Budget and by 191,560 (-15.8) from the FY 2012 Conceptual Budget.

FY 2013 Insurance expenses are projected to remain flat to the FY 2012 Budget.

Employee Programs

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

FY 2012 Employee Programs expenses are projected to decrease by $220,003 (-16.4%) from the FY 2011 Amended Budget and by $244,461 (-17.9) from the FY 2012 Conceptual Budget reflecting cuts in travel and seminar expenses.

FY 2013 Employee Programs expenses are projected to increase slightly by $13,819 (1.2%) over the FY 2012 Budget.

Business Development

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

FY 2012 Business Development expenses are projected to increase by $138,302 (6.3%) over the FY 2011 Amended Budget due to an increase in advertising costs and to decrease by $137,962 (-5.6) from the FY 2012 Conceptual Budget, reflecting a decrease in costs associated with promotional activities, materials, and travel expenses, partially offset by an increase in advertising costs.

FY 2013 Business Development expenses are budgeted to increase by $566,505 (24.2%) over the FY 2012 Budget reflecting increases in promotional activities costs associated with the Green Build Program.

Equipment Rentals and Repairs

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

FY 2012 Equipment Rental and Repairs expenses are projected to increase by $103,673 (6.6%) over the FY 2011 Amended Budget and by $61,625 (3.8%) over the FY 2012 Conceptual Budget reflecting mainly an increase in costs associated with office equipment repairs.

FY 2012 Equipment Rental and Repairs expenses are projected to increase by $72,133 (4.3%) over the FY 2012 Budget reflecting mainly an increase in computer licensing and agreement costs.

Non-Operating Expenses

Debt Service

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

FY 2012 Debt Service costs are projected to decrease by $754,597 (-4.3%) from the FY 2011 Amended Budget and to increase by $2,023,674 (13.7%) over the FY 2012 Conceptual Budget, mostly reflecting an increase in interest payments due to the issuance of long-term debt in October 2010.

In FY 2013, Debt Service costs are projected to increase by $2,673,555 (15.9) mostly due to interest on revenue bonds.

Joint-Studies/Sound Attenuation

The associated cost of airport facilities studies and the Quieter Home Program is expected to decrease by $3,110,054 (-16.9%) from the FY 2011 Amended Budget and by $110,054 (-0.7%) from the FY 2012 Conceptual Budget reflecting the amount of anticipated grants available for funding. These costs are projected to remain flat in FY 2013.

Equipment Outlay

Equipment Outlay includes equipment requests costing $5,000 or more with a useful life of at least one year. In FY 2012, these requests decreased by $95,000 (-32.4%) from the FY 2011 Amended Budget and by $315,645 (-61.5%) from the FY 2012 Conceptual Budget primarily due to a decrease in purchases of IT equipment and accounting software to support the Concessions Development Program.

In FY 2013, Equipment Outlay costs are budgeted to remain flat to the FY 2012 Budget.

FY 2012 Expense Budget by Division

Divisions		FY 2012 Budget
Planning & Operations	$	39,391,433
Development		36,953,822
Finance excl Debt Service		33,108,019
Debt Service		16,783,084
Administration		12,105,846
Marketing & Communications		8,234,754
Executive		4,723,041
Total	**$**	**151,300,000**

**Divisional totals may differ due to rounding*

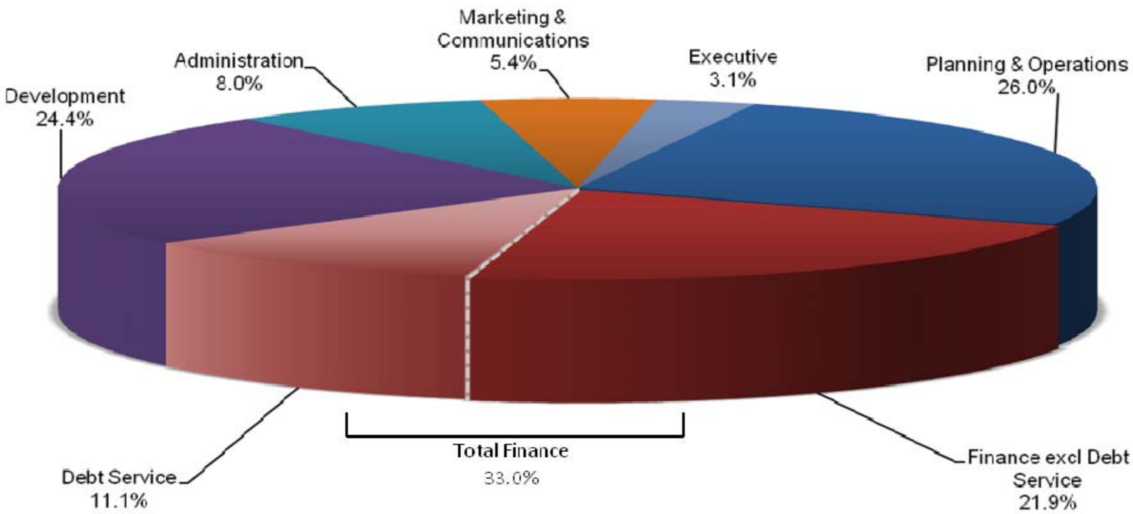

Figure 12 - FY 2012 Expense Budget by Division

FY 2013 Expense Budget by Division

Divisions	FY 2013 Conceptual Budget	
Planning & Operations	$	40,432,963
Development		38,840,369
Finance excl Debt Service		35,009,374
Debt Service		19,456,639
Administration		12,571,167
Marketing & Communications		8,953,342
Executive		4,773,146
Total	**$**	**160,037,000**

**Divisional totals may differ due to rounding*

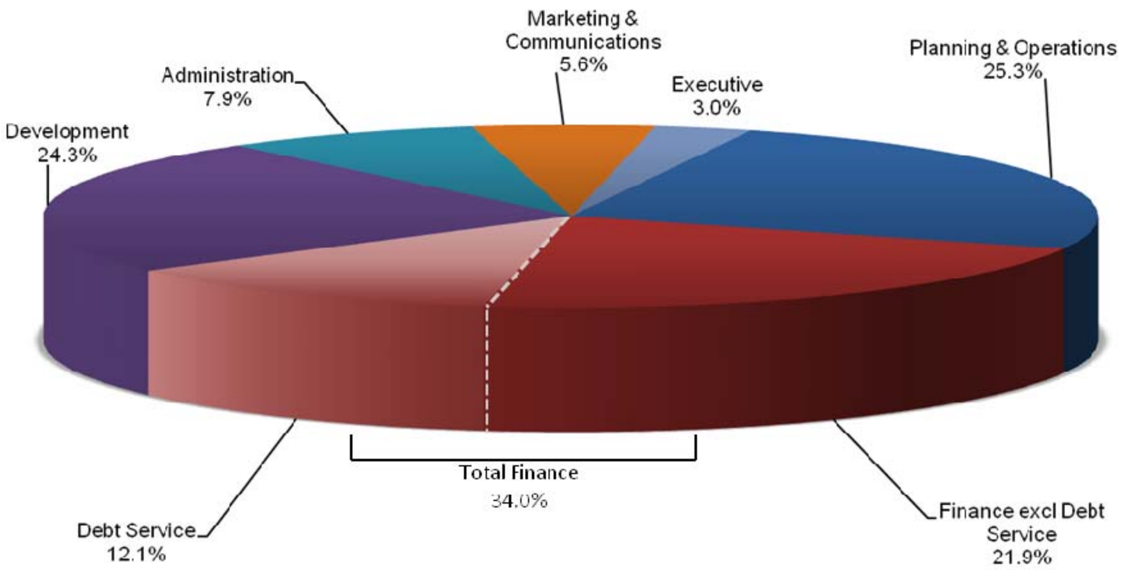

Figure 13 - FY 2013 Expense Budget by Division

FY 2012 Expense Budget by Category

Category	FY 2012 Budget
Personnel Costs	$ 38,388,356
Contractual Services	27,157,202
Safety & Security	20,850,032
Debt Service	16,783,084
Sound Attenuation Program/Legal/Misc	15,284,946
Space Rental	11,416,345
Maintenance	7,722,794
Utilities	6,666,515
Business Development	2,340,378
Equipment Rentals & Repairs	1,678,046
Employee Programs	1,120,966
Insurance	1,020,000
Operating Equipment & Systems/Equipment Outlay	553,679
Operating Supplies	317,658
Total	**$ 151,300,000**

** Category totals may differ due to rounding*

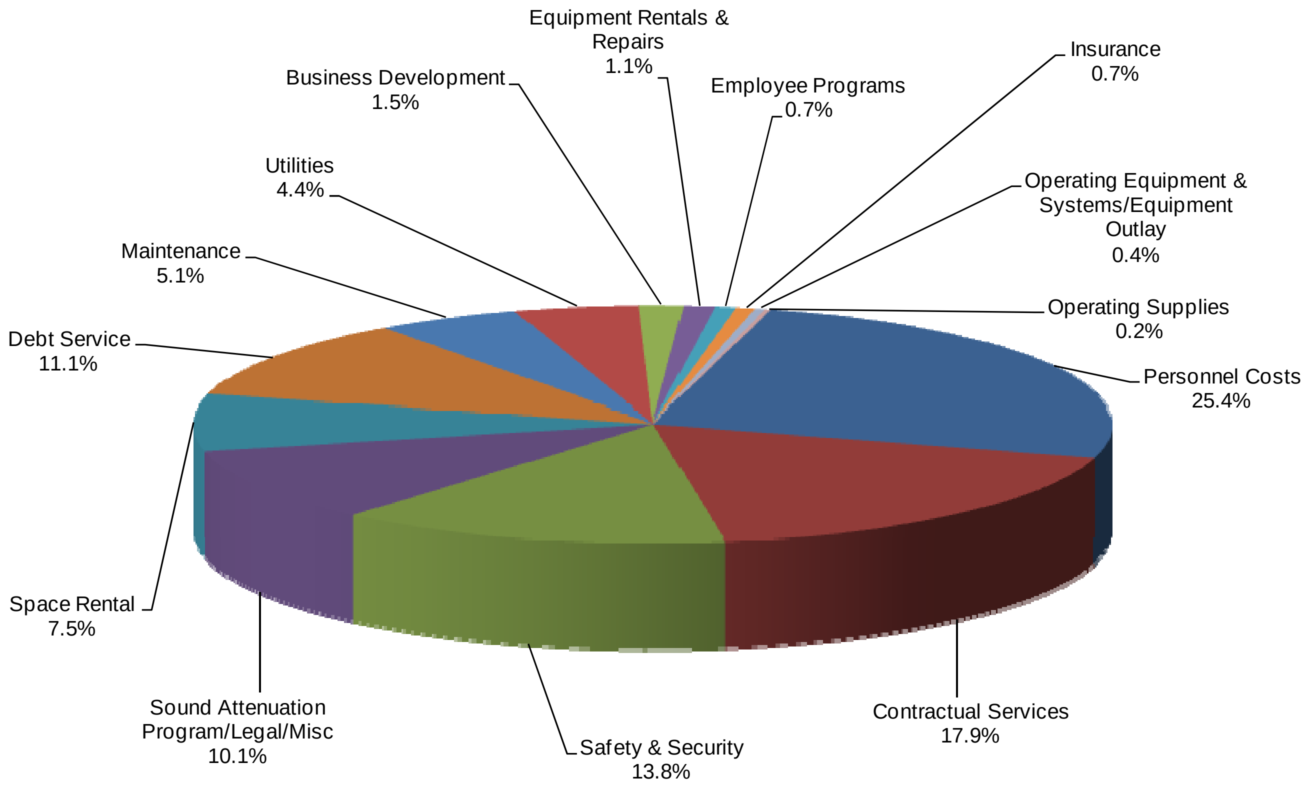

Figure 14 - FY 2012 Expense Budget by Category

FY 2013 Expense Budget by Category

Category	FY 2013 Conceptual Budget
Personnel Costs	$ 40,865,224
Contractual Services	28,309,667
Safety & Security	20,850,032
Debt Service	19,456,639
Sound Attenuation Program/Legal/Misc	15,284,946
Space Rental	11,419,471
Maintenance	8,504,357
Utilities	7,625,215
Business Development	2,906,883
Equipment Rentals & Repairs	1,750,179
Employee Programs	1,134,785
Insurance	1,020,000
Operating Equipment & Systems/Equipment Outlay	561,595
Operating Supplies	348,007
Total	**$ 160,037,000**

** Category totals may differ due to rounding*

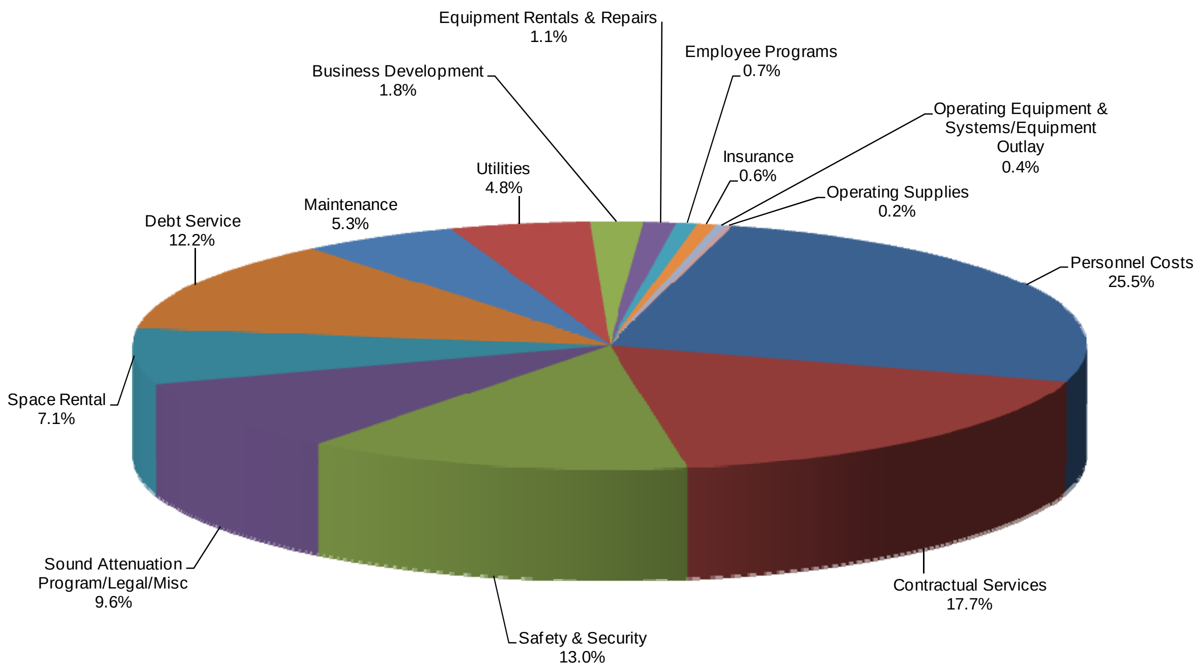

Figure 15 - FY 2013 Expense Budget by Category

Division Personnel Summary

	FY 2010 Authorized & Funded Positions	FY 2011 Authorized & Funded Positions	FY 2012 Transfers	FY 2012 New/ (Eliminated) Positions	FY 2012 (Frozen)/ Unfrozen Positions	FY2012 Authorized & Funded Positions	FY 2013 New/ (Eliminated) Positions	FY 2013 (Frozen)/ Unfrozen Positions	FY2013 Authorized & Funded Positions
Executive Group									
Authority Board	1	1	-	-	-	1	-	-	1
Executive Office	4	4	-	-	-	4	-	-	4
General Counsel	6	6	-	-	-	6	-	-	6
Chief Auditor	7	7	-	-	-	7	-	-	7
Total Executive Group	**18**	**18**	**-**	**-**	**-**	**18**	**-**	**-**	**18**
Planning & Operations									
Environmental Affairs	7	7	-	-	(1)	6	-	-	6
Airport Planning	11	11	-	-	(1)	10	-	-	10
Landside Operations	46	54	-	-	-	54	-	-	54
Aviation Security & Public Safety	12	11	-	-	-	11	-	-	11
Airside Operations	16	16	-	-	-	16	3	1	20
Total Planning & Operations	**92**	**99**	**-**	**-**	**(2)**	**97**	**3**	**1**	**101**
Finance									
Financial Planning & Budget	12	11	-	-	-	11	-	-	11
Accounting	12	12	-	-	1	13	-	-	13
Business Planning	4	4	-	-	-	4	-	-	4
Real Estate Management	16	20	1 [1]	1 [2]	-	22	-	-	22
Ground Transportation	5	5	-	-	-	5	-	-	5
Total Finance	**49**	**52**	**1**	**1**	**1**	**55**	**-**	**-**	**55**
Development									
Facilities Management	66	67	1	-	2	70	1	5	76
Terminal Development Program	12	12	1	(1)	-	12	-	-	12
Facilities Development	29	29	-	-	1	30	-	-	30
Quieter Home Program	10	10	(3)	-	-	7	-	-	7
Total Development	**117**	**118**	**(1)**[3]	**(1)**	**3**	**119**	**1**	**5**	**125**
Administration									
Risk Management	6	7	-	-	(1)	6	-	-	6
Small Business Development	4	6	-	(1)	(1)	4	-	-	4
T&O Development	3	3	-	-	-	3	-	-	3
Information Technology	22	22	-	-	-	22	1	-	23
Human Resources	11	10	-	-	-	10	-	-	10
Procurement	12	12	-	-	-	12	-	-	12
Total Administration	**58**	**60**	**-**	**(1)**	**(2)**	**57**	**1**	**-**	**58**
Marketing & Communications									
Corporate Services	7	7	-	-	-	7	-	-	7
Public and Customer Relations	9	9	-	-	-	9	-	-	9
Marketing and Advertising	10	8	-	-	-	8	-	-	8
Inter-governmental Relations	3	3	-	-	-	3	-	-	3
Noise Mitigation	4	4	-	-	-	4	-	-	4
Air Service Development	-	2	-	-	-	2	-	-	2
Total Marketing and Communications	**33**	**33**	**-**	**-**	**-**	**33**	**-**	**-**	**33**
TOTAL	**367**	**380**	**-**	**(1)**	**-**	**379**	**5**	**6**	**390**
Authorized and Unfunded Positions	24	19	-	-	-	19	-	-	13
Total Authorized Positions	**391**	**399**	**-**	**(1)**	**-**	**398**	**5**	**-**	**403**

[1] Real Estate Management - Sr. Administration Assistant transferred in FY11 from Terminal Development Program

[2] Real Estate Management - Management Analyst position was hired in FY11

[3] Project Architect Position transferred in FY11 from Facilities Development Department to Terminal Development Program
Capital Project position transferred in FY11 from Quieter Home Program to Terminal Development Program
Associate Engineer transferred from Quieter Home Program to Facilities Development Department
Sr. Administarion Assistant transferred in FY11 from Terminal Development Program to Real Estate Management
Construction Manager transferred in FY11 from Quieter Home Program to Terminal Development Program
Sr. Inspector transferred in FY11 from Terminal Development Program to Facilities Management

FY 2012 Personnel Budget by Division

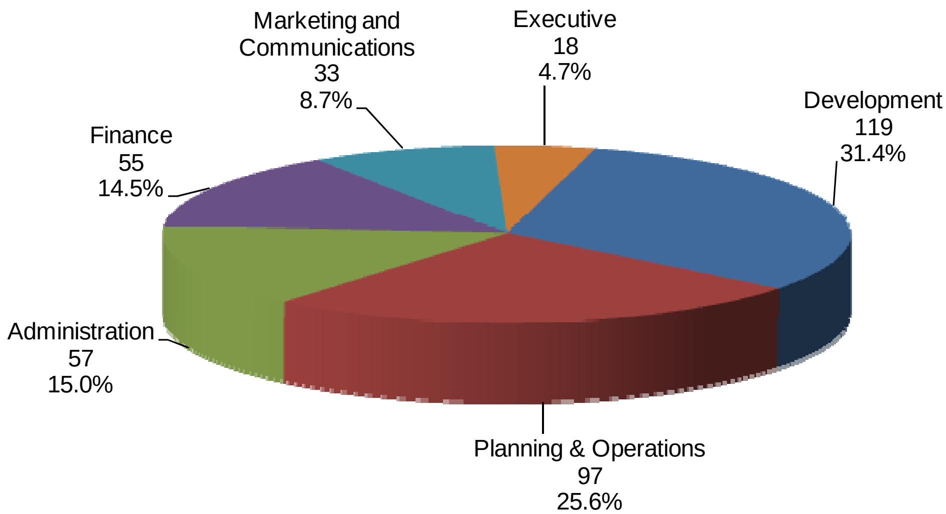

Figure 16 – FY 2012 Personnel by Division

FY 2013 Personnel Budget by Division

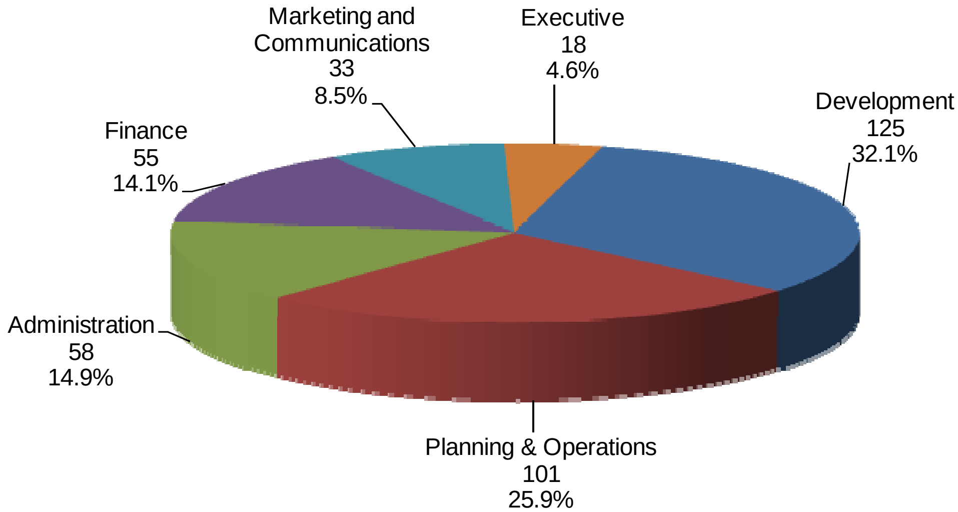

Figure 17 – FY 2013 Personnel by Division

Personnel Changes FY 2012 Budget vs. FY 2011 Amended Budget

Administration Division	
Risk Management	One Risk Management Analyst position transferred from funded to unfunded
Small Business Development	One Small Business Dev Program Mgr position transferred from funded to unfunded
	Eliminated one Administrative Assistant I funded position
Development Division	
Terminal Development Program	Eliminated one Program Manager funded position
	One position transferred from Quiter Home Program: Capital Project Assistant
	One position transferred from Quiter Home Program: Construction Manager
	One position transferred from Facilities Development: Project Architect
	One position transferred to Real Estate Management: Sr Administrative Assistant
	One position transferred to Facilities Management: Sr Inspector
Facilities Development	One Capital Project Manager position transferred from unfunded to funded
	One position transferred from Quiter Home Program: Associate Engineer
	One position transferred to Terminal Development Program: Project Architect
Quiter Home Program	One position transferred to Terminal Development Program: Capital Project Asst.
	One position transferred to Terminal Development Program: Construction Mgr.
	One position transferred to Facilities Development: Associate Engineer
Facilities Management	One Administrative Assistant II position transferred from unfunded to funded
	One Senior HVAC Controls Tech. position transferred from unfunded to funded
	One position transferred from Terminal Development Program: Sr Inspector
Finance Division	
Finance	One Accountant position transferred from unfunded to funded
Real Estate Management	One position transferred from Terminal Development Program: Sr Administrative Assist.
	One position added for a Management Analyst
Planning & Operations Division	
Environmental Affairs	One Business Systems Analyst position transferred from funded to unfunded
Airport Planning	One Airport Planner II position transferred from funded to unfunded

Figure 18 -Personnel Changes FY 2012 vs. FY 2011

Personnel Changes FY 2013 Conceptual Budget vs. FY 2012 Budget

Administration Division	
Information Technology	One position added for a System Support Analyst
Development Division	
Facilities Management	One Maintenance Project Inspector position transferred from unfunded to funded
	One Maintenance Worker I position transferred from unfunded to funded
	One Painter position transferred from unfunded to funded
	One Carpenter position transferred from unfunded to funded
	One Administrative Assistant I position transferred from unfunded to funded
	One position added for a Maintenance worker
Planning & Operations Division	
Airside Operations	Three positions are added for an Airside Operations Duty Mgr II
	One Airside Operations Duty Mgr II position transferred from unfunded to funded

Figure 19 - Personnel Changes FY 2013 vs. FY 2012

Budget Overview: Revenue

FY 2012 Budget - FY 2013 Conceptual Budget Revenue Comparison

	FY 2010 Actuals	FY 2011 Amended Budget	FY 2012 Conceptual Budget	FY 2012 Budget	Inc/(Dec) FY12 vs FY11 Amended	% Change	Inc/(Dec) FY12 vs FY12 Conceptual	% Change	FY 2013 Conceptual Budget	Inc/(Dec) FY13 Conceptual vs FY12	% Change
Operating Revenue:											
Airline Revenue											
Landing Fees	$ 18,672,255	$ 19,030,300	$ 19,489,400	$ 19,774,600	$ 744,300	3.9%	$ 285,200	1.5%	$ 21,102,700	$ 1,328,100	6.7%
Aircraft Parking Fees	3,406,012	2,826,000	2,877,300	3,030,600	204,600	7.2%	153,300	5.3%	3,192,500	161,900	5.3%
Building Rentals	23,835,039	27,787,100	31,356,600	31,923,700	4,136,600	14.9%	567,100	1.8%	43,613,200	11,689,500	36.6%
Other Aviation Revenue	1,584,408	1,584,300	1,587,500	1,584,300	-	0.0%	(3,200)	-0.2%	1,587,500	3,200	0.2%
Security Surcharge	11,900,070	14,785,500	17,229,431	16,731,600	1,946,100	13.2%	(497,831)	-2.9%	19,597,600	2,866,000	17.1%
Total Airline Revenue	**59,397,783**	**66,013,200**	**72,540,231**	**73,044,800**	**7,031,600**	**10.7%**	**504,569**	**0.7%**	**89,093,500**	**16,048,700**	**22.0%**
Nonairline Revenue											
Parking/Ground Transportation	30,295,842	32,903,091	33,836,782	33,593,662	690,570	2.1%	(243,120)	-0.7%	35,910,264	2,316,603	6.9%
Concessions	36,248,999	37,049,714	37,607,814	37,486,200	436,486	1.2%	(121,614)	-0.3%	40,052,250	2,566,050	6.8%
Ground Rentals	5,923,301	6,226,266	6,111,366	6,618,826	392,560	6.3%	507,460	8.3%	6,644,900	26,074	0.4%
Grant Reimbursements	1,257,284	1,100,990	214,500	214,500	(886,490)	-80.5%	-	0.0%	214,500	-	0.0%
Terminal Rent - Non-Airline	-	868,205	927,902	904,316	36,111	4.2%	(23,586)	-2.5%	943,034	38,718	4.3%
Other Operating Revenue *	571,474	721,396	396,600	737,896	16,500	2.3%	341,296	86.1%	552,540	(185,356)	-25.1%
Total Nonairline Revenue	**74,296,901**	**78,869,663**	**79,094,964**	**79,555,400**	**685,737**	**0.9%**	**460,435**	**0.6%**	**84,317,489**	**4,762,089**	**6.0%**
Total Operating Revenue	**133,694,684**	**144,882,863**	**151,635,195**	**152,600,200**	**7,717,337**	**5.3%**	**965,004**	**0.6%**	**173,410,989**	**20,810,789**	**13.6%**
Interest Income	**6,666,720**	**5,982,549**	**7,928,871**	**5,338,136**	**(644,413)**	**-10.8%**	**(2,590,735)**	**-32.7%**	**6,024,881**	**686,745**	**12.9%**
Nonoperating Revenue											
Passenger Facility Charges	34,048,981	33,731,900	34,995,900	33,741,700	9,800	0.0%	(1,254,200)	-3.6%	34,499,700	758,000	2.2%
Customer Facility Charges (CONRAC)	10,782,512	10,550,137	10,945,455	10,553,192	3,055	0.0%	(392,263)	-3.6%	23,954,377	13,401,185	127.0%
Quieter Home Program	18,998,445	14,506,200	12,088,500	12,080,400	(2,425,800)	-16.7%	(8,100)	-0.1%	12,080,400	-	0.0%
BAB Interest Rebate	-	3,691,000	-	4,995,921	1,304,921	35.4%	4,995,921	100.0%	4,995,921	-	0.0%
Capital Grant Contributions	27,350,431	43,318,051	23,906,079	19,907,452	(23,410,599)	-54.0%	(3,998,627)	-16.7%	9,353,732	(10,553,721)	-53.0%
Other Nonoperating Revenue	1,084,347	-	-	-	-	0.0%	-	0.0%	-	-	0.0%
Total Nonoperating Revenue	**90,198,873**	**105,797,288**	**81,935,934**	**81,278,665**	**(24,518,623)**	**-23.2%**	**(657,269)**	**-0.8%**	**84,884,130**	**3,605,465**	**4.4%**
Total Revenue	**$ 230,560,277**	**$ 256,662,700**	**$ 241,500,000**	**$ 239,217,000**	**$ (17,445,700)**	**-6.8%**	**$ (2,283,000)**	**-0.9%**	**$ 264,320,000**	**$ 25,103,000**	**10.5%**

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

FY 2012 Revenue Budget by Major Sources

Revenue by Major Sources	FY 2012 Budget
Airline Revenue	$ 73,044,800
Concessions	37,486,200
Passenger Facility Charges	33,741,700
Parking/Ground Transportation	33,593,662
QHP & CIP Grants	31,987,852
Customer Facility Charges	10,553,192
Ground Rentals	6,618,826
Interest Income	5,338,136
BAB Interest Rebate	4,995,921
Non-Airline Revenue - Other	1,856,712
Total Revenue	**$ 239,217,000**

** Divisional totals may differ due to rounding*

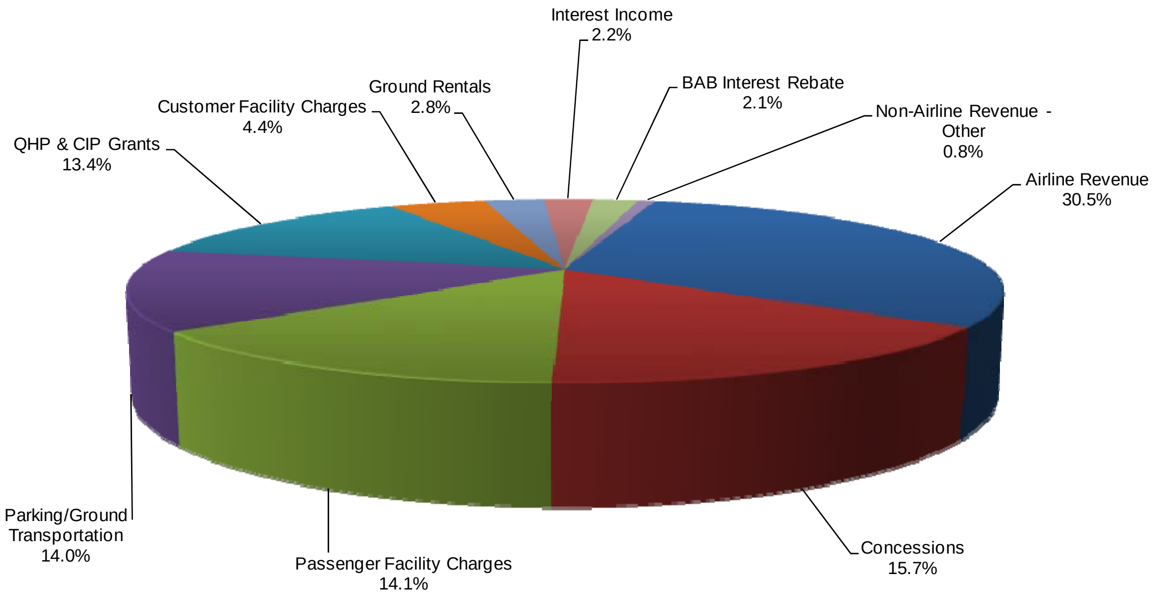

Figure 20 - FY 2012 Revenue Budget by Source

FY 2013 Revenue Budget by Major Sources

Revenue by Major Sources	FY 2013 Conceptual Budget	
Airline Revenue	$	89,093,500
Concessions		40,052,250
Parking/Ground Transportation		35,910,264
Passenger Facility Charges		34,499,700
Customer Facility Charges		23,954,377
QHP & CIP Grants		21,434,132
Ground Rentals		6,644,900
Interest Income		6,024,881
BAB Interest Rebate		4,995,921
Non-Airline Revenue - Other		1,710,074
Total Revenue	**$**	**264,320,000**

** Divisional totals may differ due to rounding*

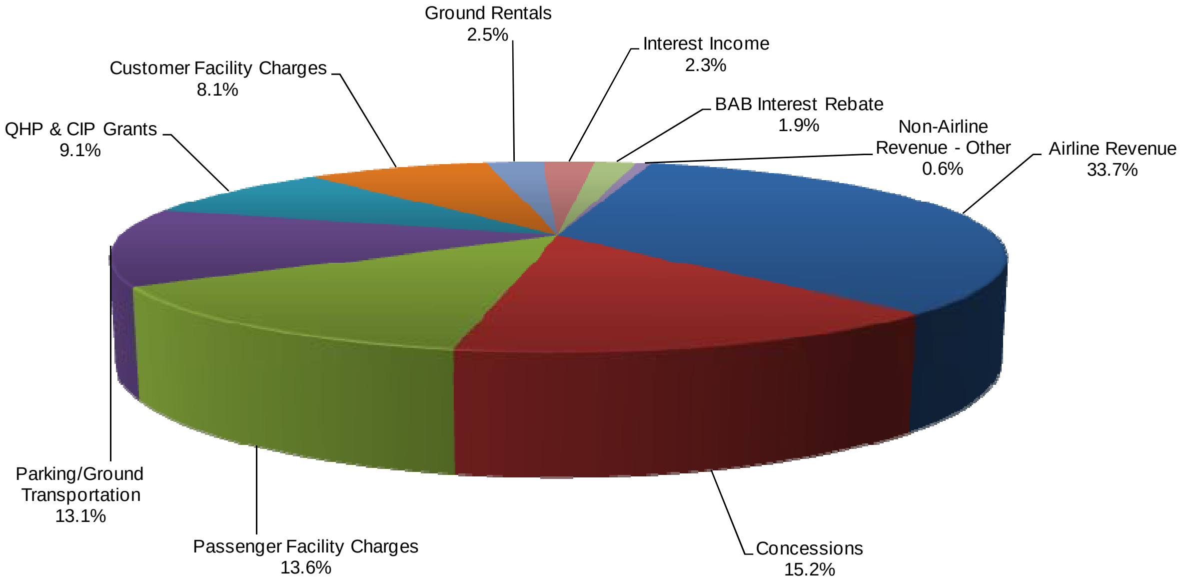

Figure 21 - FY 2013 Revenue Budget by Source

Overview

Operating and Non-Operating Revenues for FY 2012 are projected to be $239,217,000, a decrease of $17,445,700 (-6.8%) below the FY 2011 Amended Budget and $2,283,000 (-0.9%) less than the FY 2012 Conceptual Budget. FY 2013 Operating and Non-Operating Revenues are budgeted to increase by $25,103,000 (10.5%) over the FY 2012 Budget.

Airline Operating Revenue

Landing Fees

Landing Fees are revenues from passenger and cargo carriers for commercial aircraft landings at the airport. The fee is set to recover 86.9% in both FY 2012 and FY 2013 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 2012, landing fee revenues are projected to increase to $19,774,600, $744,300 (3.9%) over the FY 2011 Amended Budget and $285,200 (1.5%) over the FY 2012 Conceptual Budget, primarily due to increased net airfield costs and a projected decrease in landed weight, per the ratemaking methodology. Estimated landed weight for FY 2012 is projected to decrease to 10,657,839 (1,000 pound units), a 2.1% decline from 10,881,916 (1,000 pound units) in the FY 2011 Amended Budget and a 5.6% decline from 11,289,664 (1,000 pound units) in the FY 2012 Conceptual Budget. The combination of lower landed weight and increased costs resulted in the FY 2012 landing fee rate (per 1,000 pounds of maximum gross landed weight) of $1.89, a 6.8% increase over the FY 2011 Amended Budget landing fee of $1.77 and a 9.2% increase over the FY 2012 Conceptual Budget landing fee of $1.73. The FY 2012 budgeted landed weight and landing fees represent a minimal increase of 0.8% and $0.05 respectively when compared to the anticipated FY 2011 actual amounts.

In FY 2013, landing fee revenues are projected to increase by $1,328,100 (6.7%) to $21,102,700 over the FY 2012 Budget. The increase reflects a projected growth in net airfield costs and 2.2% increase in landed weight to 10,897,258 (1,000 pound units) from 10,657,839 (1,000 pound units) per the ratemaking methodology. The increase of net airfield costs resulted in the projected FY 2013 landing fee rate (per 1,000 pounds of maximum gross landed weight) of $1.95, which represents a 3.2% increase over the FY 2012 budgeted landing fee of $1.89.

Aircraft Parking Fees

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

In FY 2012, aircraft parking fees are projected to generate revenues of $3,030,600, a $204,600 (7.2%) increase from the FY 2011 Amended Budget and a $153,300 (5.3%) increase from the FY 2012 Conceptual Budget. This increase reflects increased net airfield costs and an increased number of projected remote aircraft parking positions.

In FY 2013, aircraft parking fees are projected to increase by $161,900 (5.3%) over the FY 2012 Budget reflecting increased net airfield costs.

Building Rentals

Building Rentals revenue is comprised of revenues generated from rent paid by airlines for terminal space. Terminal rentals reflect a progressive scale for recovery of terminal building costs allocated to airline occupied facilities. The airline use and lease agreement sets forth the FY 2012 cost recovery at 60%, up from

55% in FY 2011. This rate will increase to approximately 77% in FY 2013 based upon airline occupied areas divided by rentable square footage. The Authority does not receive rental revenue for vacant space.

The FY 2012 Budget projection of $31,923,700 is an increase of $4,136,600 (14.9%) over the FY 2011 Amended Budget and $567,100 (1.8%) over the FY 2012 Conceptual Budget. The terminal rental rate is budgeted at $99.81 per square foot versus $86.65 per square foot in the FY 2011 Amended Budget and $97.82 per square foot in the FY 2012 Conceptual Budget. The terminal rental rate excludes the credit for janitorial services paid for by the airlines on behalf of the Authority.

In FY 2013, Building Rentals revenue is projected to increase by $11,689,500 (36.6%) over the FY 2012 Budget and the terminal rental rate is projected to increase to $136.72 per square foot.

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 2012 or FY 2013. The remainder of the revenue is generated from airline fuel sales, which are projected to be relatively flat.

Security Surcharge

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

The budget for FY 2012 is $16,731,600, an increase of $1,946,100 (13.2%) over the FY 2011 Amended Budget and a decrease of $497,831 (-2.9%) from the FY 2012 Conceptual Budget. The increase over the FY 2011 Amended Budget reflects increased cost of services and the increase in percentage allocation of terminal security costs to 85% from 70% in FY 2011. The decrease from the FY 2012 Conceptual Budget reflects the projected decrease of cost of services.

In FY 2013, Security Surcharge revenue is projected to increase by $2,866,000 (17.1%) to $19,597,600 reflecting an increase in the percentage allocation to 95%.

Non-Airline Operating Revenue

Non-airline operating revenue was derived by analyzing current agreements and recent trends, projected future events, and historic revenue patterns as they may be impacted by an estimated FY 2012 enplaned passenger traffic, which is almost flat (0.03%) to the FY 2011 budgeted estimate, a 1.0% increase over the recent FY 2011 projections, and a 3.6% decrease from the FY 2012 Conceptual Budget. FY 2013 enplanements are projected to increase by 2.2% over the FY 2012 Budget.

Parking/Ground Transportation

Parking revenue is generated from 6,955 spaces located on airport parking lots, including lots in front of the terminals and remote, long-term parking operations located on Harbor Drive, NTC, the interim Apron lot, and Pacific Highway. The FY 2012 revenue is projected to increase by only $35,132 (0.1%) over the FY 2011 Amended Budget due to flat passenger traffic and to decrease by $297,363 (-0.9%) from the FY 2012 Conceptual Budget, reflecting a decline in parking transactions due to decreased passenger traffic. The FY 2013 budget is projected to increase by $1,623,010 (5.0%) reflecting an increase in parking transactions associated with increased passenger traffic and a projected parking rate increase.

Citation revenue is generated from parking citations issued by the Airport Traffic Officers on the airport terminal roadways. FY 2012 revenue is projected to remain relatively flat to the FY 2011 Amended Budget and

FY 2012 Conceptual Budget. In FY 2013, citation revenue is projected to increase by 1,400 (6.0%) over the FY 2012 Budget to $24,900.

Ground Transportation Permits include the taxi and hotel shuttle driver and vehicle permits issued to commercial drivers and their vehicles allowing them to conduct business at the airport. FY 2012 revenue projections of $1,253,805, an increase of $655,938 (109.7%) over the FY 2011 Amended Budget, reflect the scheduled second year ground transportation management plan cost recovery increase from 25% to 50%. It is also an increase of $55,143 (4.6%) over the FY 2012 Conceptual Budget. In FY 2013, these revenues are budgeted to increase by $692,193 (55.2%) to $1,945,997 reflecting the scheduled third year ground transportation management plan cost recovery increase from 50% to 75%.

Concessions

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

Terminal Building Concession revenue is generated from food/beverage and gift/news concessions operated under an exclusive agreement with Host International, Inc. Rent is based on various percentages of food, beverage, and merchandise sales. Other Concession Fees include advertising concession, money exchange services, baggage cart rentals, shoe-shine stands, bank ATMs, and telephone services. In FY 2012, these revenues are projected to increase by $53,386 (0.4%) over the FY 2011 Amended Budget due to flat passenger traffic and by $351,386 (2.8%) over the FY 2012 Conceptual Budget mostly reflecting stronger gross revenues per passenger and new advertising agreements. FY 2013 revenues are projected to increase by $1,592,350 (12.5%) due to increased passenger traffic and reimbursement from concessionaires for their operating expenses and expenses associated with the Central Receiving and Distribution Center.

Rental Car License Fee revenue includes fees received from rental car companies that conduct business at the Airport. The agreement calls for rental car companies to pay the Authority a fee equaling 10% of gross income. In FY 2012, rental car license fees are projected to increase by $870,700 (4.1%) over the FY 2011 Amended Budget and by $73,400 (0.3%) over the FY 2012 Conceptual Budget reflecting stronger gross revenues per originating passenger. FY 2013 revenues are projected to increase by $950,500 (4.3%) reflecting increased enplaned passenger levels.

License Fees - Other license fee revenue is derived from Gate Gourmet, SkyChef, and ground handling fees. Gate Gourmet and SkyChef are off-site, in-flight food catering companies that operate at the airport. Estimated revenue for FY 2012 is based on a percentage of Gate Gourmet's, SkyChef's, and the ground handling companies' gross revenues per their agreements with the Authority. FY 2012 revenues are budgeted to decrease by $487,600 (-15.8%) from the FY 2011 Amended Budget and by $546,400 (-17.4%) from the FY 2012 Conceptual Budget reflecting consolidation in the ground handling sector and the reduced need for in-flight catering. In FY 2013, license fees revenues are projected to increase only by $23,200 (0.9%).

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 2012 revenue is projected to increase by $391,860 (7.1%) over the FY 2011 Amended Budget and by $506,860 (9.3%) over the FY 2012 Conceptual Budget due to a new FedEx ground lease agreement. In FY 2013, these revenues are projected to increase by $26,074 (0.4%).

Ground Rental Percentage revenue includes percentage revenues received from vehicle storage and the fixed base operator (FBO). FY 2012 projected revenues are expected to be almost flat to the FY 2011 Amended Budget and to the FY 2012 Conceptual Budget. FY 2013 projected revenues remain flat to the FY 2012 Budget.

Grant Reimbursements (Operating)

The FY 2012 Budget projects a decrease of $886,490 (-80.5%) from the FY 2011 Amended Budget and remain flat to the FY2012 Conceptual Budget reflecting the completion of the RASP program. In FY 2013, these revenues are projected to remain flat to the FY2012 Budget.

Other Operating Revenues

Other Operating revenues primarily include revenues to process fingerprints for new tenants, their employees, and any associated contractors or vendors who conduct business on the airport. In addition, this category includes various miscellaneous revenues that do not fall into a specific account and are usually a one-time occurrence. In FY 2012, these revenues are budgeted to stay almost flat to the FY 2011 Amended Budget and increase by $341,296 (86.1%) over the FY 2012 Conceptual Budget reflecting utility reimbursements from concessionaires. FY 2013 revenues are budgeted to decrease by $185,356 (-25.1%) due to the elimination of utility reimbursement associated with the termination of the master concession agreement with Host International.

Non-Operating Revenue

Passenger Facility Charges

Passenger Facility Charges (PFCs) are comprised of a $4.50 charge (net $4.39 to the Airport after deduction of a $0.11 processing fee) attached to each ticketed passenger that boards an airplane at the Airport. The FY 2012 budget is based on the projected number of enplaned passengers for FY 2012 and an estimated collection rate of 89%. Certain types of passengers, including military, are excluded from paying the PFC. In FY 2012, the amount of PFC revenues is expected to remain almost flat to the FY 2011 Amended Budget due to flat passenger traffic and to decrease by $1,254,200 (-3.6%) from the FY 2012 Conceptual Budget due to decreased passenger traffic. In FY 2013, PFC revenues are projected to increase by $758,000 (2.2%) over the FY 2012 Budget reflecting projected increases in enplaned passengers.

Customer Facility Charges

Customer Facility Charges (CFCs) consist of $10.00 per transaction fees levied on car rental contracts per State statute to support the consolidated rental car facility development project. In May 2009, car rental concessionaires began collecting and remitting CFC revenues to the Authority. In FY 2012, CFC revenues are projected to remain almost flat to the FY 2011 Amended Budget and to decrease by $392,263 (-3.6%) from the FY 2012 Conceptual Budget reflecting a decrease in anticipated transactions due to decreased passenger traffic. In FY 2013, CFC revenues are budgeted to increase by $13,401,185 (127.0%) over the FY 2012 Budget due to an anticipated change from charging $10 per rental transaction to $6 per rental day in accordance with state legislation and an increase in transactions associated with increased enplanements.

Build America Bond (BAB) Interest Rebate

BAB interest rebate revenue is a direct federal subsidy of 35% of the interest paid on the Series 2010C revenue bonds. In FY 2012, the estimated revenue is projected to increase by $1,304,921 (35.4%) from the FY 2011 Amended Budget reflecting a full year of the BAB rebate and by $4,995,921 (100.0%) from the FY 2012 Conceptual Budget due to the BAB rebate not being included in the FY 2012 Conceptual Budget. In FY 2013, these revenues are projected to remain flat to the FY 2012 Budget.

Grant Reimbursements (Sound Attenuation & Capital)

The Quieter Home Program (QHP) is a program of sound attenuation construction improvements in all eligible single-family and multi-family dwellings with six or fewer units located in the 70-decibel Community Noise Equivalent Level contour. The project is eligible for a maximum Airport Improvement Program (AIP) funding of 80.59%. Recognized grant revenue is related to available funding under grant awards received and the level of expenditures made each year. In FY 2012, it is anticipated that the QHP revenues will decrease by $2,425,800 (-16.7%) from the FY 2011 Amended Budget due to decreased grant reimbursement funds and remain almost flat to the FY 2012 Conceptual Budget. FY 2013 is anticipated to remain flat to the FY 2012 Budget.

Capital Grants consist of grant funds that the Authority expects to receive from the FAA and TSA for specified eligible capital projects. The grant amounts vary annually, based upon the number and cost of approved capital projects completed each fiscal year. In FY 2012, Capital Grants revenues are projected to decrease by $23,410,599 (-54.0%) from the FY 2011 Amended Budget due to completion of the remote and overnight aircraft parking expansion construction project and by $3,998,627 (-16.7%) from the FY 2012 Conceptual Budget due to grant reimbursable baggage handling project costs extending into FY 2013. FY 2013 revenues are expected to decrease by $10,553,721 (-53.0%) due to the completion of the baggage handling system project.

Interest Income

Interest Income revenue is derived from interest earned by the Authority on discretionary funds and reserves established under the master bond indenture. This revenue also includes interest earned on notes paid by the Port District to the Authority. In FY 2012, the estimated revenue is projected to decrease by $644,413 (-10.8%) from the FY 2011 Amended Budget and by $2,590,735 (-32.7%) from the FY 2012 Conceptual Budget due to lower projected interest rates. In FY 2013, these revenues are projected to increase by $686,745 (12.9%) over the FY 2012 Budget reflecting projected increases in cash balances and a slight increase in projected interest rates.

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Budget Overview: Projected Fund Balance

Overview

The Authority's fund balance is generally defined as the difference between assets and liabilities. The Authority's fund balance statement projects that FY 2012 cash and investments will increase by $29,939,360 to $337,545,919 versus the FY 2011 reforecast of $307,606,559. This increase of 9.7% is mostly due to increased operating revenues and the significant net increase in funds as a result of the sale of long-term debt in October 2010, as well as increases in the PFC and CFC accounts. FY 2013 cash and investments are projected to increase by $21,115,682 (6.3%) to $358,661,601.

	FY 2010 Actuals	FY 2011 Amended Budget	FY 2011 Re-forecast	FY 2012 Conceptual Budget	FY 2012 Budget	FY 2013 Conceptual Budget
Beginning Fund Balance:	**$ 236,373,986**	**$ 222,079,619**	**$ 255,035,276**	**$ 275,707,172**	**$ 307,606,559**	**$ 337,545,919**
Source of Funds						
Operating Revenue:						
Landing fees	18,672,255	19,030,300	19,174,200	19,489,400	19,774,600	21,102,700
Aircraft Parking Fees	3,406,011	2,861,000	2,878,501	2,912,300	3,030,600	3,192,500
Building Rentals	23,732,196	28,587,405	28,790,203	32,216,502	32,609,516	44,337,734
Other aviation Revenue	1,584,408	1,584,300	1,581,400	1,587,500	1,584,300	1,587,500
Federal Inspection Service (FIS) Use	102,843	67,900	49,000	68,000	218,500	218,500
Security Surcharge	11,900,070	14,785,500	14,765,600	17,229,431	16,731,600	19,597,600
Parking/Ground Transportation	30,295,843	32,903,092	31,988,773	33,836,782	33,593,662	35,910,264
Concessions	36,248,999	37,049,714	36,525,205	37,607,814	37,486,200	40,052,250
Ground Rentals	5,923,301	6,226,266	7,519,356	6,111,366	6,618,826	6,644,900
Grant Reimbursements	1,257,284	1,100,990	1,046,805	214,500	214,500	214,500
Other Operating Revenue	571,473	686,396	747,996	361,600	737,896	552,540
Total Operating Revenue	**133,694,684**	**144,882,863**	**145,067,038**	**151,635,195**	**152,600,200**	**173,410,989**
Non-Operating Revenue & Other Financing:						
Federal grants received (not including Quieter Home Program)	26,207,830	43,318,051	28,545,944	23,906,079	19,907,452	9,353,732
Passenger Facility Charges Receipts	33,974,761	33,731,900	33,404,100	34,995,900	33,741,700	34,499,700
Customer Facility Charges Receipts	10,581,258	10,550,137	10,849,432	10,945,455	10,553,192	23,954,377
Airport Revenue Bonds	-	344,771,211	228,015,048	372,355,000	336,822,696	402,165,650
Other Funding Sources	-	2,308,049	2,998,731	8,198,705	4,273,654	15,945,731
Transfer from Bond proceeds	-	36,930,018	50,928,986	27,774,910	-	46,032,776
Commercial Paper	80,000,000	-	-	-	-	-
Principal payments received on notes receivable	1,527,581	1,612,790	1,612,790	1,696,113	1,696,113	1,580,698
Interest received from notes receivable & investments	6,779,952	5,982,549	4,600,674	7,928,871	5,338,563	6,024,766
Other misc receipts & grants	-	-	-	-	9,211,305	(2,868,757)
BAB Interest Rebate	-	3,691,000	3,691,431	-	4,995,921	4,995,921
Total Non-Operating Revenue	**159,071,382**	**482,895,705**	**364,647,136**	**487,801,032**	**426,540,596**	**541,684,594**
Total Revenues	**292,766,066**	**627,778,568**	**509,714,174**	**639,436,227**	**579,140,796**	**715,095,583**
Use of Funds						
Operating Expenses:						
Payments to suppliers & employees	(125,921,499)	(121,689,319)	(120,808,173)	(124,801,945)	(119,053,970)	(125,117,416)
Pension contribution	(4,600,000)	-	-	-	-	-
Total Operating Expenses	**(130,521,499)**	**(121,689,319)**	**(120,808,173)**	**(124,801,945)**	**(119,053,970)**	**(125,117,416)**
Non-Operating Expenses:						
Capital expenditures (not including QHP)	(133,158,619)	(438,361,750)	(320,156,052)	(438,584,686)	(405,747,357)	(511,157,891)
Quieter Home Program, net (excl of PFC funding) and Joint studies	(2,629,782)	(3,868,800)	(3,693,800)	(3,286,500)	(3,184,500)	(3,184,500)
Customer Facility Charges (CFC) expenditures	(443,969)	(739,264)	(2,998,731)	(4,146,151)	(4,273,654)	(15,945,731)
Payment of Series 2005 Bond principal	(2,950,000)	(3,105,000)	(3,105,000)	(4,945,000)	(4,725,000)	(5,190,000)
Payment of Commercial Paper principal	-	(745,000)	-	-	(745,000)	(780,000)
Interest and debt fees paid	(2,802,533)	(5,623,734)	(6,368,734)	(4,556,875)	(11,471,976)	(31,354,393)
Other misc payments	(1,598,373)	(18,149)	(12,401)	(23,330)	21	(1,249,969)
Total Non-Operating Expenses	**(143,583,276)**	**(452,461,697)**	**(336,334,719)**	**(455,542,542)**	**(430,147,466)**	**(568,862,485)**
Total Expenses	**(274,104,775)**	**(574,151,016)**	**(457,142,892)**	**(580,344,487)**	**(549,201,435)**	**(693,979,900)**
Excess (Deficit) of Source over Use of Funds	**18,661,291**	**53,627,552**	**52,571,282**	**59,091,740**	**29,939,360**	**21,115,682**
Ending Fund Balance	**$ 255,035,277**	**$ 275,707,172**	**$ 307,606,559**	**$ 334,798,911**	**$ 337,545,919**	**$ 358,661,601**
Unrestricted Cash and Investments	$ 126,892,193	$ 124,998,087	$ 143,909,754	$ 142,379,472	$ 148,297,988	$ 108,063,956
Total Bonds Reserves	51,116,238	90,642,126	101,435,605	119,677,238	103,456,754	153,217,892
Total Other Restricted Funds	77,026,846	60,066,959	62,261,199	72,742,201	85,791,177	97,379,753
Ending Fund Balance	**$ 255,035,276**	**$ 275,707,172**	**$ 307,606,559**	**$ 334,798,911**	**$ 337,545,919**	**$ 358,661,601**

Executive Division

Executive Division

Overview

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

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

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

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

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

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

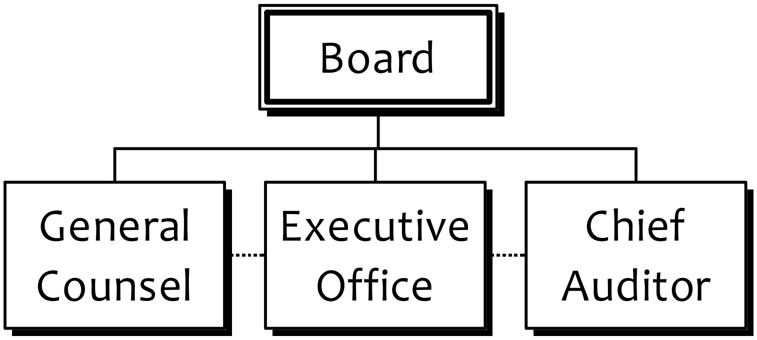
- Coordinating technical and staff support to the Authority Board and its various committees
- Promoting positive collaborative relationships with its business partners and the community
- Approving all contracts, deeds, leases, and agreements that contractually bind the Authority and coordinates the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

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

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

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

Executive Division
Organizational Structure



Personnel Summary

	FY 2010 Authorized & Funded Positions	FY 2011 Authorized & Funded Positions	FY 2012 Transfers	FY 2012 New / (Eliminated) Positions	FY 2012 (Frozen)/ Unfrozen Positions	FY2012 Authorized & Funded Positions	FY 2013 New / (Eliminated) Positions	FY 2013 (Frozen)/ Unfrozen Positions	FY2013 Authorized & Funded Positions
Executive Group									
Authority Board	1	1	-	-	-	1	-	-	1
Executive Office	4	4	-	-	-	4	-	-	4
General Counsel	6	6	-	-	-	6	-	-	6
Chief Auditor	7	7	-	-	-	7	-	-	7
Total	**18**	**18**	**-**	**-**	**-**	**18**	**-**	**-**	**18**
Authorized and Unfunded Positions	-	-	-	-	-	-	-	-	-
Total Authorized Positions	**18**	**18**	**-**	**-**	**-**	**18**	**-**	**-**	**18**

Executive Division

FY 2012 – FY 2013 Expense Budget Summary

	FY 2010 Actuals	FY 2011 Amended Budget	FY 2012 Conceptual Budget	FY 2012 Budget	Inc/(Dec) FY12 vs FY11 Amended	% Change	Inc/(Dec) FY12 vs FY12 Conceptual	% Change	FY 2013 Conceptual Budget	Inc/(Dec) FY13 Conceptual vs FY12	% Change
Operating Expenses:											
Personnel Expenses											
Salaries and Wages	$ 1,989,634	$ 2,053,710	$ 2,117,097	$ 2,008,610	$ (45,100)	-2.2%	$ (108,487)	-5.1%	$ 2,097,952	$ 89,342	4.4%
Premium Overtime	-	-	-	-	-	0.0%	-	0.0%	-	-	0.0%
Employee Benefits	781,613	920,260	1,082,861	874,581	(45,679)	-5.0%	(208,280)	-19.2%	969,154	94,573	10.8%
Subtotal	2,771,247	2,973,971	3,199,959	2,883,191	(90,779)	-3.1%	(316,767)	-9.9%	3,067,106	183,915	6.4%
Less: Capitalized Labor	-	-	-	-	-	0.0%	-	0.0%	-	-	0.0%
Total Personnel Expenses	**2,771,247**	**2,973,971**	**3,199,959**	**2,883,191**	**(90,779)**	**-3.1%**	**(316,767)**	**-9.9%**	**3,067,106**	**183,915**	**6.4%**
Contractual Services	612,191	1,388,700	1,408,700	1,436,600	47,900	3.4%	27,900	2.0%	1,301,600	(135,000)	-9.4%
Safety and Security	-	-	-	-	-	0.0%	-	0.0%	-	-	0.0%
Space Rental	-	-	-	-	-	0.0%	-	0.0%	-	-	0.0%
Utilities	80	1,000	1,000	750	(250)	-25.0%	(250)	-25.0%	750	-	0.0%
Maintenance	-	3,660	3,840	-	(3,660)	-100.0%	(3,840)	-100.0%	-	-	0.0%
Operating Equipment & Systems	2,078	6,250	6,500	2,750	(3,500)	-56.0%	(3,750)	-57.7%	2,750	-	0.0%
Operating Supplies	9,326	15,050	15,150	12,350	(2,700)	-17.9%	(2,800)	-18.5%	12,400	50	0.4%
Insurance	-	-	-	-	-	0.0%	-	0.0%	-	-	0.0%
Employee Programs	76,901	131,500	132,750	113,000	(18,500)	-14.1%	(19,750)	-14.9%	113,550	550	0.5%
Business Development	273,708	297,832	301,657	249,460	(48,372)	-16.2%	(52,197)	-17.3%	249,890	430	0.2%
Equipment Rentals & Repairs	3,480	1,600	1,600	4,940	3,340	208.8%	3,340	208.8%	5,100	160	3.2%
Total Non-Personnel Expenses	**977,765**	**1,845,592**	**1,871,197**	**1,819,850**	**(25,742)**	**-1.4%**	**(51,347)**	**-2.7%**	**1,686,040**	**(133,810)**	**-7.4%**
Total Operating Expenses	**3,749,011**	**4,819,563**	**5,071,156**	**4,703,041**	**(116,521)**	**-2.4%**	**(368,114)**	**-7.3%**	**4,753,146**	**50,105**	**1.1%**
Non-Operating Expenses:											
Legal Settlements	22,439	40,000	40,000	20,000	(20,000)	-50.0%	(20,000)	-50.0%	20,000	-	0.0%
Total Non-Operating Expenses	**22,439**	**40,000**	**40,000**	**20,000**	**(20,000)**	**-50.0%**	**(20,000)**	**-50.0%**	**20,000**	**-**	**0.0%**
Total Expenses	**3,771,450**	**4,859,563**	**5,111,156**	**4,723,041**	**(136,521)**	**-2.8%**	**(388,114)**	**-7.6%**	**4,773,146**	**50,105**	**1.1%**
Equipment Outlay	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Total Division Expenses incl Equip Outlay	**$ 3,771,450**	**$ 4,859,563**	**$ 5,111,156**	**$ 4,723,041**	**$ (136,521)**	**-2.8%**	**$ (388,114)**	**-7.6%**	**$ 4,773,146**	**$ 50,105**	**1.1%**

Executive Division
Major Drivers of FY 2012 Budget Increase / (Decrease)

	Inc/(Dec) FY12 vs FY11 Amended	Inc/(Dec) FY12 vs FY12 Conceptual
FY 2011 Amended Budget / FY 2012 Conceptual	**$ 4,859,563**	**$ 5,111,156**
Personnel costs		
Burden (benefits & employer taxes) (decrease) for current staff	(45,679)	(208,280)
Salary adjustments	(45,100)	(108,487)
Total (Decrease) in personnel costs	**(90,779)**	**(316,767)**
Increase in use of other professional services	110,000	110,000
(Decrease) in audit services	-	(20,000)
(Decrease) in travel for business development	(30,000)	(30,000)
(Decrease) in outside legal services costs and legal settlements	(70,000)	(70,000)
Other, net	(55,743)	(61,347)
Total (Decrease) in non-personnel costs	**(45,743)**	**(71,347)**
Total (Decrease)	**(136,522)**	**(388,114)**
FY 2012 Budget	**$ 4,723,041**	**$ 4,723,041**

Executive Division

Major Drivers of FY 2013 Conceptual Budget Increase / (Decrease)

		Inc/(Dec) FY13 Conceptual vs FY12
FY 2012 Budget	**$**	**4,723,041**
Personnel costs		
Burden (benefits & employer taxes) increase for current staff		94,573
Salary adjustments		89,342
Total Increase in personnel costs		**183,915**
(Decrease) in Executive Office strategic consultant costs		(135,000)
Other, net		1,190
Total (Decrease) in non-personnel costs		**(133,810)**
Total Increase		**50,105**
FY 2013 Conceptual Budget	**$**	**4,773,146**

Executive Division

FY 2012 – FY 2013 Expense Budget by Department

Departments	FY 2012 Budget	
General Counsel	$	2,377,328
Executive Office		1,069,200
Chief Auditor		974,860
Authority Board		301,654
Total	**$**	**4,723,041**

** Departmental totals may differ due to rounding*

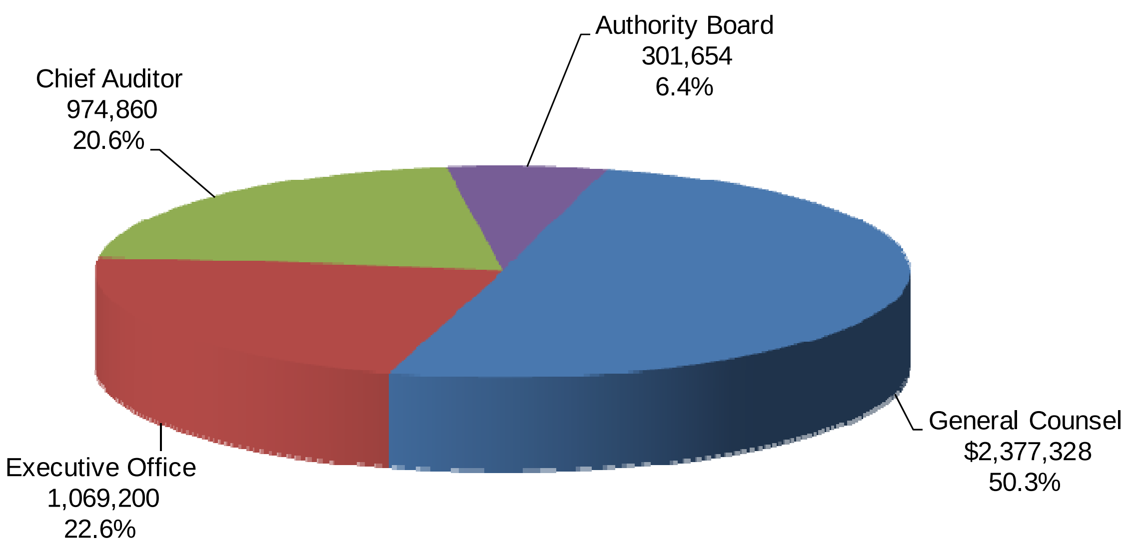


Figure 22 – FY 2012 Expense Budget by Department

Executive Division

FY 2012 – FY 2013 Expense Budget by Department (cont.)

Departments	FY 2013 Conceptual Budget	
General Counsel	$	2,420,064
Chief Auditor		1,052,828
Executive Office		992,987
Authority Board		307,268
Total	**$**	**4,773,146**

** Departmental totals may differ due to rounding*

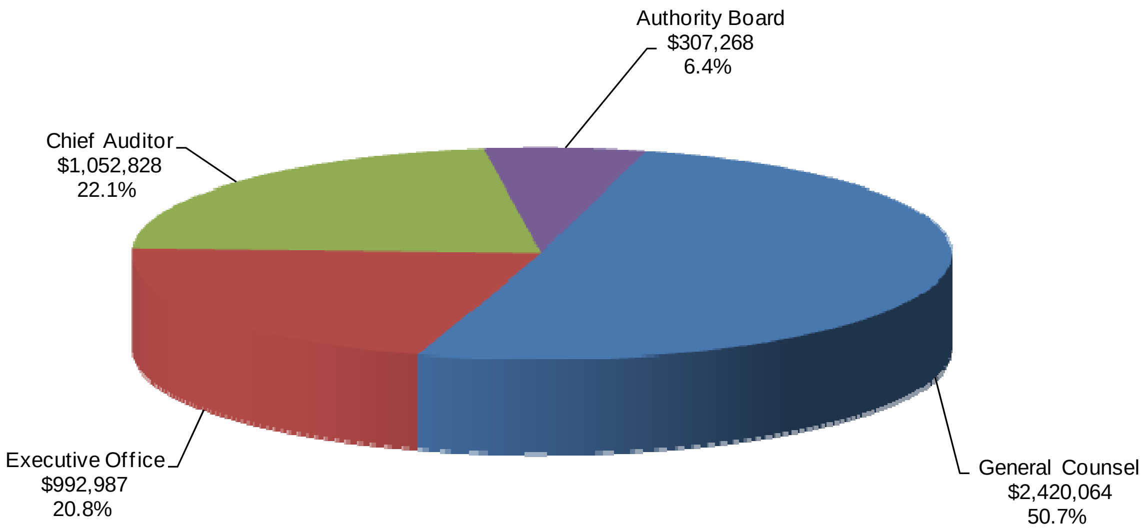


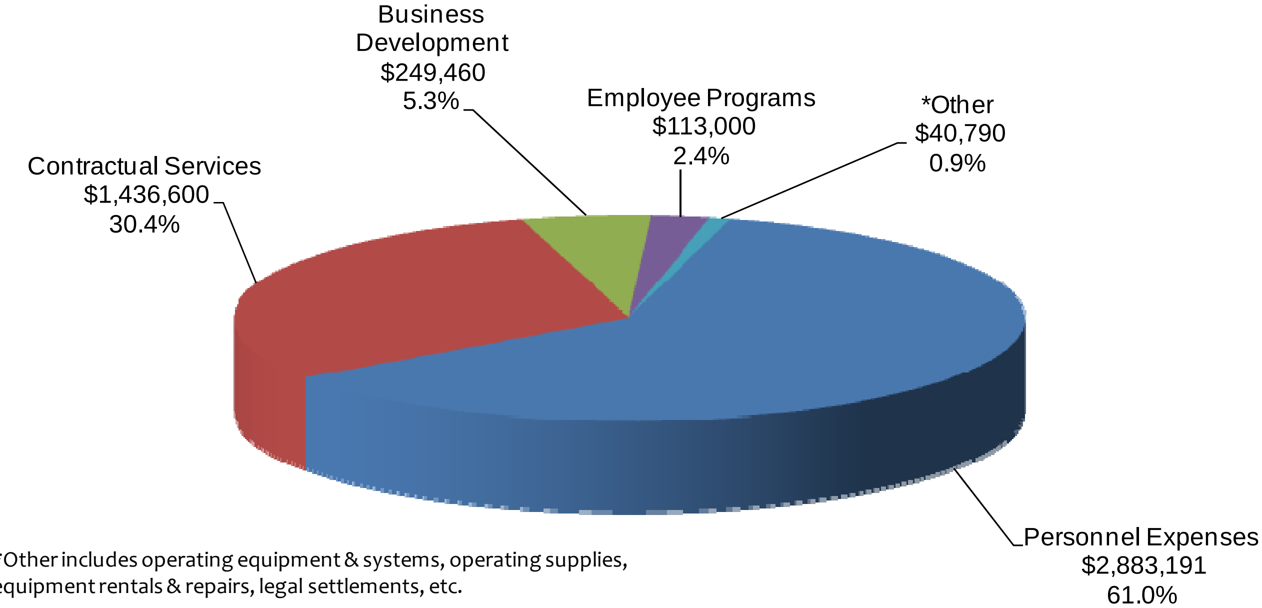
Figure 23 – FY 2013 Expense Budget by Department

Executive Division

FY 2012 – FY 2013 Expense Budget by Category

Category	FY 2012 Budget	
Personnel Expenses	$	2,883,191
Contractual Services		1,436,600
Business Development		249,460
Employee Programs		113,000
*Other		40,790
Total	**$**	**4,723,041**

** Category totals may differ due to rounding*



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

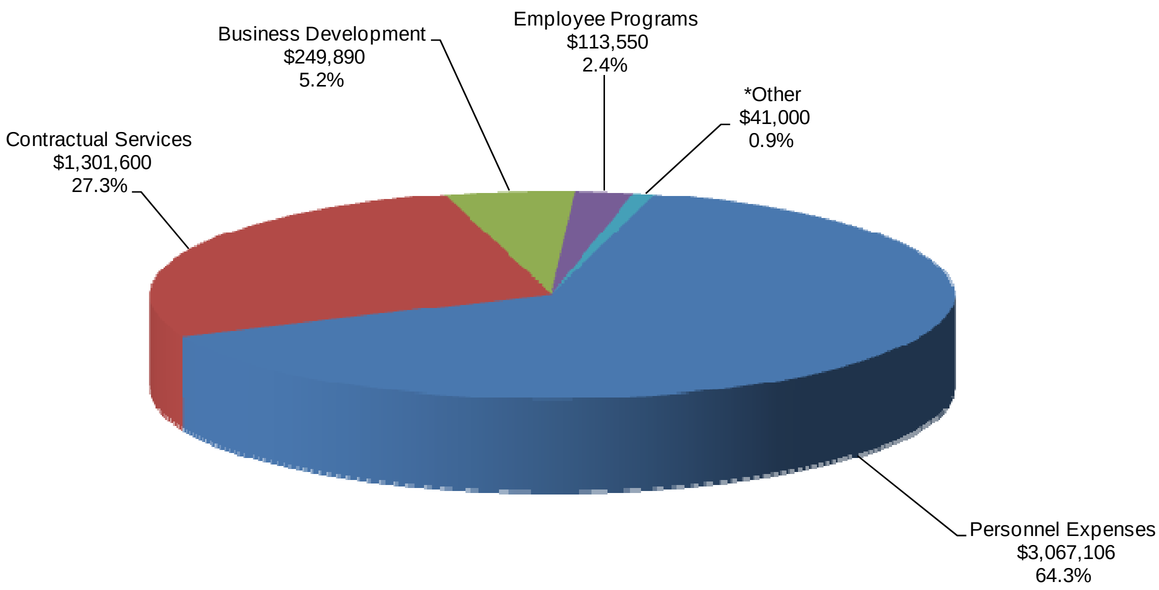
Figure 24 – FY 2012 Expense Budget by Category

Executive Division

FY 2012 – FY 2013 Expense Budget by Category (cont.)

Category	FY 2013 Conceptual Budget	
Personnel Expenses	$	3,067,106
Contractual Services		1,301,600
Business Development		249,890
Employee Programs		113,550
*Other		41,000
Total	**$**	**4,773,146**

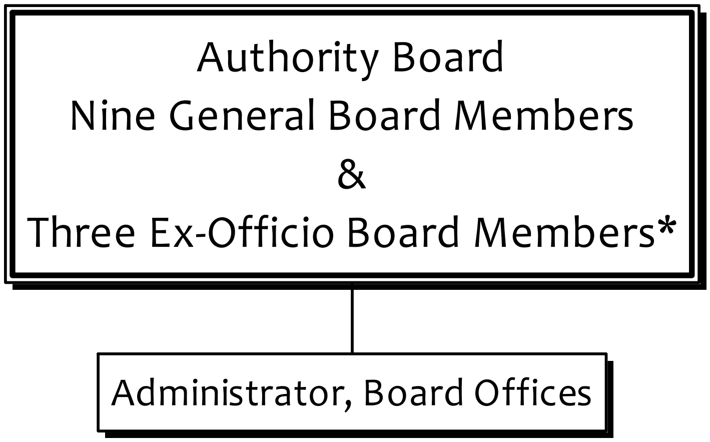
** Category totals may differ due to rounding*



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

Figure 25 – FY 2013 Expense Budget by Category

Authority Board
FY 2012 – FY 2013 Organizational Structure



*Unpaid positions per SB10

Authority Board

FY 2012 – FY 2013 Expense Budget Summary

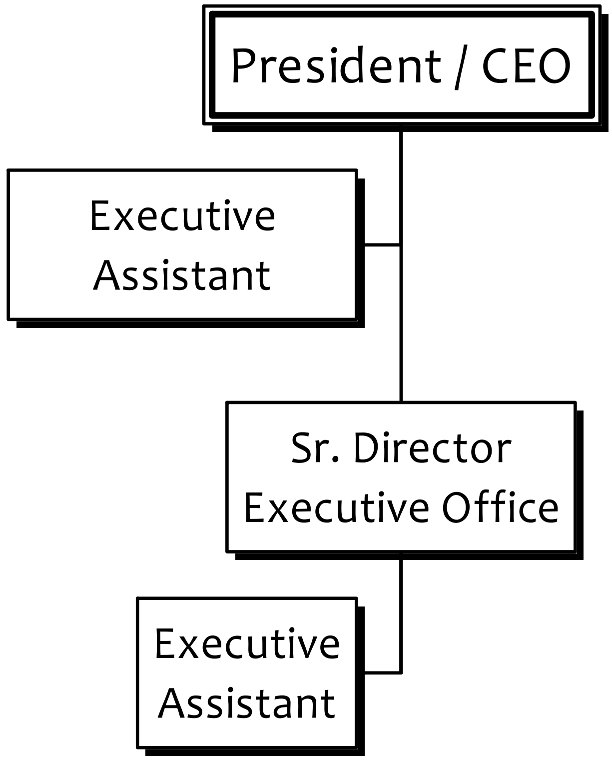
	FY 2010 Actuals	FY 2011 Amended Budget	FY 2012 Conceptual Budget	FY 2012 Budget	Inc/(Dec) FY12 vs FY11 Amended	% Change	Inc/(Dec) FY12 vs FY12 Conceptual	% Change	FY 2013 Conceptual Budget	Inc/(Dec) FY13 Conceptual vs FY12	% Change
Operating Expenses:											
Personnel Expenses											
Salaries and Wages	$ 79,422	$ 80,583	$ 80,583	$ 80,583	$ -	0.0%	$ -	0.0%	$ 83,001	$ 2,418	3.0%
Premium Overtime	-	-	-	-	-	0.0%	-	0.0%	-	-	0.0%
Employee Benefits	38,662	48,280	55,427	40,321	(7,959)	-16.5%	(15,106)	-27.3%	43,517	3,196	7.9%
Subtotal	118,085	128,863	136,010	120,904	(7,959)	-6.2%	(15,106)	-11.1%	126,518	5,614	4.6%
Less: Capitalized Labor	-	-	-	-	-	0.0%	-	0.0%	-	-	0.0%
Total Personnel Expenses	**118,085**	**128,863**	**136,010**	**120,904**	**(7,959)**	**-6.2%**	**(15,106)**	**-11.1%**	**126,518**	**5,614**	**4.6%**
Non-Personnel Expenses											
Contractual Services	119,276	122,500	122,500	130,500	8,000	6.5%	8,000	6.5%	130,500	-	0.0%
Safety and Security	-	-	-	-	-	0.0%	-	0.0%	-	-	0.0%
Space Rental	-	-	-	-	-	0.0%	-	0.0%	-	-	0.0%
Utilities	-	500	500	-	(500)	-100.0%	(500)	-100.0%	-	-	0.0%
Maintenance	-	-	-	-	-	0.0%	-	0.0%	-	-	0.0%
Operating Equipment & Systems	-	1,000	1,000	500	(500)	-50.0%	(500)	-50.0%	500	-	0.0%
Operating Supplies	3,069	5,000	5,000	3,500	(1,500)	-30.0%	(1,500)	-30.0%	3,500	-	0.0%
Insurance	-	-	-	-	-	0.0%	-	0.0%	-	-	0.0%
Employee Programs	21,582	30,500	30,500	15,250	(15,250)	-50.0%	(15,250)	-50.0%	15,250	-	0.0%
Business Development	45,525	68,500	68,500	31,000	(37,500)	-54.7%	(37,500)	-54.7%	31,000	-	0.0%
Equipment Rentals & Repairs	-	-	-	-	-	0.0%	-	0.0%	-	-	0.0%
Total Non-Personnel Expenses	**189,452**	**228,000**	**228,000**	**180,750**	**(47,250)**	**-20.7%**	**(47,250)**	**-20.7%**	**180,750**	**-**	**0.0%**
Total Operating Expenses	**307,537**	**356,863**	**$ 364,010**	**301,654**	**$ (55,209)**	**-15.5%**	**$ (62,356)**	**-17.1%**	**307,268**	**5,614**	**1.9%**
Total Non-Operating Expenses	**-**	**-**	**-**	**-**	**-**	**0.0%**	**-**	**0.0%**	**-**	**-**	**0.0%**
Total Expenses	**307,537**	**356,863**	**364,010**	**301,654**	**(55,209)**	**-15.5%**	**(62,356)**	**-17.1%**	**307,268**	**5,614**	**1.9%**
Equipment Outlay	**-**	**-**	**-**	**-**	**-**	**0.0%**	**-**	**0.0%**	**-**	**-**	**0.0%**
Total Dept Expenses incl Equip Outlay	**$ 307,537**	**$ 356,863**	**$ 364,010**	**$ 301,654**	**$ (55,209)**	**-15.5%**	**$ (62,356)**	**-17.1%**	**$ 307,268**	**$ 5,614**	**1.9%**

Authority Board

Major Drivers of FY 2012 – FY 2013 Budget Increase / (Decrease)

	Inc/(Dec) FY12 vs FY11 Amended	Inc/(Dec) FY12 vs FY12 Conceptual	Inc/(Dec) FY13 Conceptual vs FY12
FY 2011 Amended Budget / FY 2012 Conceptual / FY 2012 Budget	**$ 356,863**	**$ 364,010**	**$ 301,654**
Personnel costs			
Burden (benefits & employer taxes) increase / (decrease) for current staff	(7,959)	(15,106)	3,196
Salary adjustments	-	-	2,418
Total Increase / (Decrease) in personnel costs	**(7,959)**	**(15,106)**	**5,614**
(Decrease) in travel for business development	(30,000)	(30,000)	-
Other, net	(17,250)	(17,250)	-
Total (Decrease) in non-personnel costs	**(47,250)**	**(47,250)**	**-**
Total Increase/ (Decrease)	**(55,209)**	**(62,356)**	**5,614**
FY 2012 Budget / FY 2013 Conceptual Budget	**$ 301,654**	**$ 301,654**	**$ 307,268**

Executive Office
FY 2012 – FY 2013 Organizational Structure



** No personnel changes planned for FY 2013*

Executive Office

FY 2012 – FY 2013 Expense Budget Summary

	FY 2010 Actuals	FY 2011 Amended Budget	FY 2012 Conceptual Budget	FY 2012 Budget	Inc/(Dec) FY12 vs FY11 Amended	% Change	Inc/(Dec) FY12 vs FY12 Conceptual	% Change	FY 2013 Conceptual Budget	Inc/(Dec) FY13 Conceptual vs FY12	% Change
Operating Expenses:											
Personnel Expenses											
Salaries and Wages	$ 527,742	$ 521,319	$ 542,502	$ 473,388	$ (47,931)	-9.2%	$ (69,114)	-12.7%	$ 514,211	40,823	8.6%
Premium Overtime	-	-	-	-	-	0.0%	-	0.0%	-	-	0.0%
Employee Benefits	193,416	249,055	286,358	209,777	(39,278)	-15.8%	(76,581)	-26.7%	227,617	17,840	8.5%
Subtotal	721,157	770,374	828,860	683,165	(87,210)	-11.3%	(145,696)	-17.6%	741,827	58,663	8.6%
Less: Capitalized Labor	-	-	-	-	-	0.0%	-	0.0%	-	-	0.0%
Total Personnel Expenses	**721,157**	**770,374**	**828,860**	**683,165**	**(87,210)**	**-11.3%**	**(145,696)**	**-17.6%**	**741,827**	**58,663**	**8.6%**
Non-Personnel Expenses											
Contractual Services	30,964	15,000	15,000	145,000	130,000	866.7%	130,000	866.7%	10,000	(135,000)	-93.1%
Safety and Security	-	-	-	-	-	0.0%	-	0.0%	-	-	0.0%
Space Rental	-	-	-	-	-	0.0%	-	0.0%	-	-	0.0%
Utilities	-	250	250	250	-	0.0%	-	0.0%	250	-	0.0%
Maintenance	-	-	-	-	-	0.0%	-	0.0%	-	-	0.0%
Operating Equipment & Systems	1,645	3,500	3,500	500	(3,000)	-85.7%	(3,000)	-85.7%	500	-	0.0%
Operating Supplies	1,926	2,300	2,300	3,000	700	30.4%	700	30.4%	3,000	-	0.0%
Insurance	-	-	-	-	-	0.0%	-	0.0%	-	-	0.0%
Employee Programs	21,895	32,500	32,500	29,200	(3,300)	-10.2%	(3,300)	-10.2%	29,200	-	0.0%
Business Development	220,612	220,607	224,107	207,585	(13,022)	-5.9%	(16,522)	-7.4%	207,710	125	0.1%
Equipment Rentals & Repairs	-	1,000	1,000	500	(500)	-50.0%	(500)	-50.0%	500	-	0.0%
Total Non-Personnel Expenses	**277,042**	**275,157**	**278,657**	**386,035**	**110,878**	**40.3%**	**107,378**	**38.5%**	**251,160**	**(134,875)**	**-34.9%**
Total Operating Expenses	**998,199**	**1,045,531**	**1,107,517**	**1,069,200**	**23,668**	**2.3%**	**(38,318)**	**-3.5%**	**992,987**	**(76,212)**	**-7.1%**
Total Non-Operating Expenses	**-**	**-**	**-**	**-**	**-**	**0.0%**	**-**	**0.0%**	**-**	**-**	**0.0%**
Total Expenses	**998,199**	**1,045,531**	**1,107,517**	**1,069,200**	**23,668**	**2.3%**	**(38,318)**	**-3.5%**	**992,987**	**(76,212)**	**-7.1%**
Equipment Outlay	**-**	**-**	**-**	**-**	**-**	**0.0%**	**-**	**0.0%**	**-**	**-**	**0.0%**
Total Dept Expenses incl Equip Outlay	**$ 998,199**	**$ 1,045,531**	**$ 1,107,517**	**$ 1,069,200**	**$ 23,668**	**2.3%**	**$ (38,318)**	**-3.5%**	**$ 992,987**	**(76,212)**	**-7.1%**

Executive Office

Major Drivers of FY 2012 – FY 2013 Budget Increase / (Decrease)

	Inc/(Dec) FY12 vs FY11 Amended	Inc/(Dec) FY12 vs FY12 Conceptual	Inc/(Dec) FY13 Conceptual vs FY12
FY 2011 Amended Budget / FY 2012 Conceptual / FY 2012 Budget	**$ 1,045,531**	**$ 1,107,517**	**$ 1,069,200**
Personnel costs			
Burden (benefits & employer taxes) increase / (decrease) for current staff	(39,278)	(76,581)	17,840
Salary adjustments	(47,931)	(69,114)	40,823
Total Increase / (Decrease) in personnel costs	**(87,209)**	**(145,696)**	**58,663**
Increase / (Decrease) in Executive Office strategic consultant costs	130,000	130,000	(135,000)
Other, net	(19,122)	(22,622)	125
Total Increase / (Decrease) in non-personnel costs	**110,877**	**107,378**	**(134,876)**
Total Increase/ (Decrease)	**23,668**	**(38,318)**	**(76,213)**
FY 2012 Budget / FY 2013 Conceptual Budget	**$ 1,069,200**	**$ 1,069,200**	**$ 992,987**

Executive Office
Departmental Objectives

FY 2012 – FY 2013 Objectives

Strategy #1: Enhance the financial position of the Authority

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

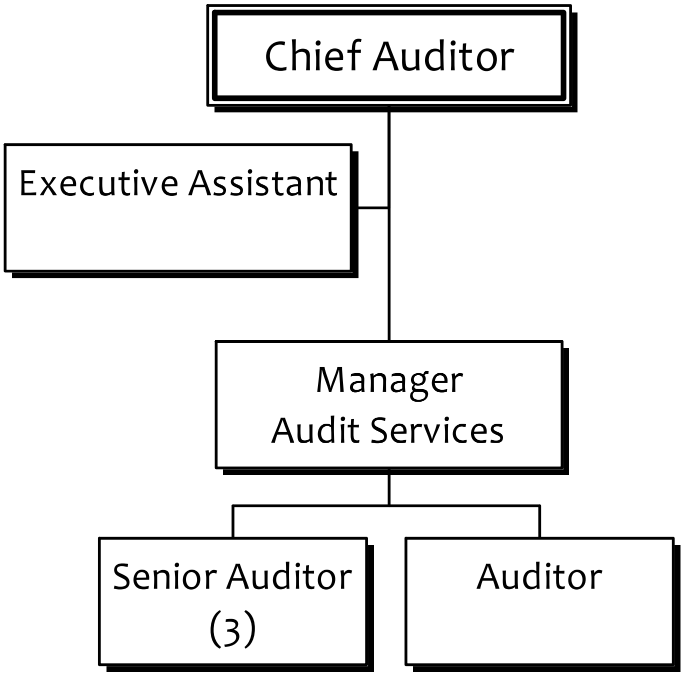
Strategy #3: Operate our airport in a safe, secure, environmentally-sound, effective, and efficient manner

Strategy #4: Ensure the highest level of employee satisfaction

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

Chief Auditor

FY 2012 – FY 2013 Organizational Structure



** No personnel changes planned for FY 2013*

Chief Auditor

FY 2012 – FY 2013 Expense Budget Summary

	FY 2010 Actuals	FY 2011 Amended Budget	FY 2012 Conceptual Budget	FY 2012 Budget	Inc/(Dec) FY12 vs FY11 Amended	% Change	Inc/(Dec) FY12 vs FY12 Conceptual	% Change	FY 2013 Conceptual Budget	Inc/(Dec) FY13 Conceptual vs FY12	% Change
Operating Expenses:											
Personnel Expenses											
Salaries and Wages	$ 624,925	$ 647,353	$ 660,843	$ 648,962	$ 1,609	0.2%	$ (11,881)	-1.8%	$ 670,079	$ 21,117	3.3%
Premium Overtime	-	-	-	-	-	0.0%	-	0.0%	-	-	0.0%
Employee Benefits	247,497	295,338	345,445	294,633	(705)	-0.2%	(50,813)	-14.7%	350,418	55,785	18.9%
Subtotal	872,422	942,691	1,006,288	943,595	904	0.1%	(62,693)	-6.2%	1,020,498	76,903	8.1%
Less: Capitalized Labor	-	-	-	-	-	0.0%	-	0.0%	-	-	0.0%
Total Personnel Expenses	**872,422**	**942,691**	**1,006,288**	**943,595**	**904**	**0.1%**	**(62,693)**	**-6.2%**	**1,020,498**	**76,903**	**8.1%**
Non-Personnel Expenses											
Contractual Services	41	200	20,200	100	(100)	-50.0%	(20,100)	-99.5%	100	-	0.0%
Safety and Security	-	-	-	-	-	0.0%	-	0.0%	-	-	0.0%
Space Rental	-	-	-	-	-	0.0%	-	0.0%	-	-	0.0%
Utilities	180	250	250	250	-	0.0%	-	0.0%	250	-	0.0%
Maintenance	-	3,660	3,840	-	(3,660)	-100.0%	(3,840)	-100.0%	-	-	0.0%
Operating Equipment & Systems	(35)	750	1,000	750	-	0.0%	(250)	-25.0%	750	-	0.0%
Operating Supplies	1,291	2,750	2,850	2,850	100	3.6%	-	0.0%	2,900	50	1.8%
Insurance	-	-	-	-	-	0.0%	-	0.0%	-	-	0.0%
Employee Programs	12,043	21,300	22,050	20,300	(1,000)	-4.7%	(1,750)	-7.9%	20,850	550	2.7%
Business Development	2,684	2,825	3,150	3,175	350	12.4%	25	0.8%	3,480	305	9.6%
Equipment Rentals & Repairs	3,480	-	-	3,840	3,840	0.0%	3,840	0.0%	4,000	160	4.2%
Total Non-Personnel Expenses	**19,684**	**31,735**	**53,340**	**31,265**	**(470)**	**-1.5%**	**(22,075)**	**-41.4%**	**32,330**	**1,065**	**3.4%**
Total Operating Expenses	**892,107**	**974,426**	**1,059,628**	**974,860**	**434**	**0.0%**	**(84,768)**	**-8.0%**	**1,052,828**	**77,968**	**8.0%**
Total Non-Operating Expenses	**-**	**-**	**-**	**-**	**-**	**0.0%**	**-**	**0.0%**	**-**	**-**	**0.0%**
Total Expenses	**892,107**	**974,426**	**1,059,628**	**974,860**	**434**	**0.0%**	**(84,768)**	**-8.0%**	**1,052,828**	**77,968**	**8.0%**
Equipment Outlay	**-**	**-**	**-**	**-**	**-**	**0.0%**	**-**	**0.0%**	**-**	**-**	**0.0%**
Total Dept Expenses incl Equip Outlay	**$ 892,107**	**$ 974,426**	**$ 1,059,628**	**$ 974,860**	**$ 434**	**0.0%**	**$ (84,768)**	**-8.0%**	**$ 1,052,828**	**$ 77,968**	**8.0%**

Chief Auditor
Major Drivers of FY 2012 – FY 2013 Budget Increase / (Decrease)

	Inc/(Dec) FY12 vs FY11 Amended	Inc/(Dec) FY12 vs FY12 Conceptual	Inc/(Dec) FY13 Conceptual vs FY12
FY 2011 Amended Budget / FY2012 Conceptual / FY 2012 Budget	**$ 974,426**	**$ 1,059,628**	**$ 974,860**
Personnel costs			
Burden (benefits & employer taxes) increase / (decrease) for current staff	(705)	(50,813)	55,785
Salary adjustments	1,609	(11,881)	21,117
Total Increase / (Decrease) in personnel costs	**904**	**(62,694)**	**76,903**
(Decrease) in audit services	-	(20,000)	-
Other, net	(470)	(2,074)	1,065
Total Increase / (Decrease) in non-personnel costs	**(470)**	**(22,074)**	**1,065**
Total Increase/ (Decrease)	**434**	**(84,768)**	**77,968**
FY 2012 Budget / FY 2013 Conceptual Budget	**$ 974,860**	**$ 974,860**	**$ 1,052,828**

Chief Auditor
Departmental Objectives

FY 2011 Progress Report

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

   Progress: The department utilization goal is 80%. During the last reporting period, Audit had a utilization rate of 82%.

   Sustainability Goal: Economic Viability.

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

   Fiscal Year: 2011. **Continue in 2012?** Yes.

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

   Progress: During the last reporting period, the department had identified $127,432 of additional revenue/cost savings during the fiscal year 2011.

   Sustainability Goal: Economic Viability.

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

   Fiscal Year: 2011. **Continue in 2012?** Yes

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

   Progress: To date, five (5) of the thirteen (13) recommendations provided to departments in fiscal year 2011 have been implemented. The goal for implementation is 90% by the end of the fiscal year, and the department appears to be on track to achieve this goal.

   Sustainability Goal: Operational Excellence.

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

   Fiscal Year: 2011. **Continue in 2012?** Yes

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

   Progress: Currently, 88% of the audits conducted during the fiscal year 2011 have been completed within the budgeted time.

   Sustainability Goal: Social Responsiblity.

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

   Fiscal Year: 2011. **Continue in 2012?** Yes

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

   Progress: Internal customer satisfaction surveys are sent to auditees at the conclusion of each audit. The current internal customer satisfaction ratio is 4.74.

   Sustainability Goal: Operational Excellence.

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

   Fiscal Year: 2011. **Continue in 2012?** Yes

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

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

   Sustainability Goal: Operational Excellence.

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

   Fiscal Year: 2011. **Continue in 2012?** Yes

Chief Auditor
Departmental Objectives

FY 2012 – FY 2013 Objectives

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

   Sustainability Goal: Economic Viability, Operational Excellence.

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

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

   Sustainability Goal: Economic Viability.

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

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

   Sustainability Goal: Economic Viability, Operational Excellence.

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

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

   Sustainability Goal: Operational Excellence.

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

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

   Sustainability Goal: Operational Excellence.

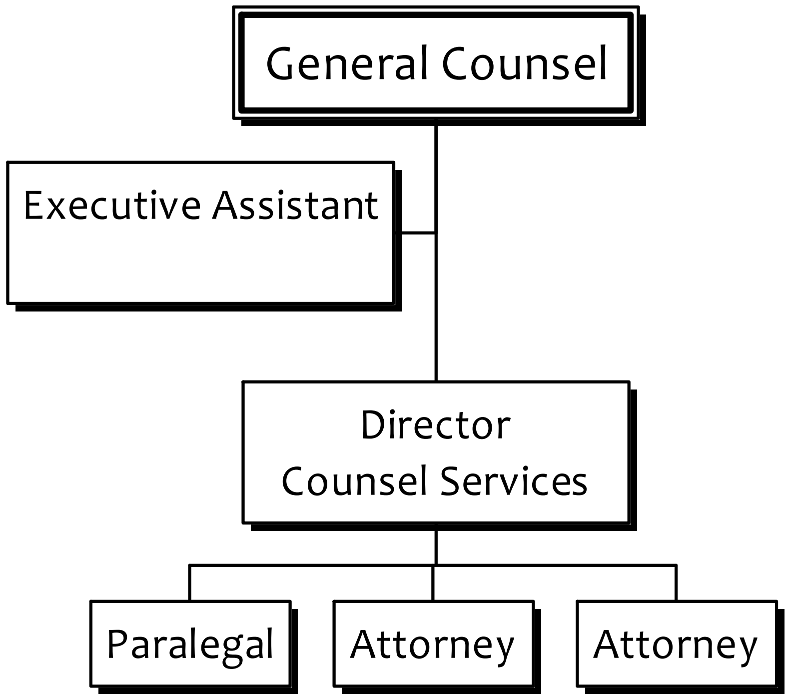
   Authority Strategy: Strategy #2: Achieve the highest level of internal and external customer satisfaction.

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

   Sustainability Goal: Economic Viability, Operations Strategy.

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

General Counsel
FY 2012 – FY 2013 Organizational Structure



** No personnel changes planned for FY 2013*

General Counsel
FY 2012 – FY 2013 Expense Budget Summary

	FY 2010 Actuals	FY 2011 Amended Budget	FY 2012 Conceptual Budget	FY 2012 Budget	Inc/(Dec) FY12 vs FY11 Amended	% Change	Inc/(Dec) FY12 vs FY12 Conceptual	% Change	FY 2013 Conceptual Budget	Inc/(Dec) FY13 Conceptual vs FY12	% Change
Operating Expenses:											
Personnel Expenses											
Salaries and Wages	$ 757,544	$ 804,455	$ 833,169	$ 805,677	$ 1,222	0.2%	$ (27,492)	-3.3%	$ 830,661	$ 24,984	3.1%
Premium Overtime	-	-	-	-	-	0.0%	-	0.0%	-	-	0.0%
Employee Benefits	302,038	327,587	395,631	329,851	2,263	0.7%	(65,780)	-16.6%	347,602	17,752	5.4%
Subtotal	1,059,582	1,132,043	1,228,800	1,135,527	3,484	0.3%	(93,274)	-7.6%	1,178,263	42,736	3.8%
Less: Capitalized Labor	-	-	-	-	-	0.0%	-	0.0%	-	-	0.0%
Total Personnel Expenses	**1,059,582**	**1,132,043**	**1,228,800**	**1,135,527**	**3,484**	**0.3%**	**(93,274)**	**-7.6%**	**1,178,263**	**42,736**	**3.8%**
Non-Personnel Expenses											
Contractual Services	461,910	1,251,000	1,251,000	1,161,000	(90,000)	-7.2%	(90,000)	-7.2%	1,161,000	-	0.0%
Safety and Security	-	-	-	-	-	0.0%	-	0.0%	-	-	0.0%
Space Rental	-	-	-	-	-	0.0%	-	0.0%	-	-	0.0%
Utilities	(100)	-	-	250	250	0.0%	250	0.0%	250	-	0.0%
Maintenance	-	-	-	-	-	0.0%	-	0.0%	-	-	0.0%
Operating Equipment & Systems	468	1,000	1,000	1,000	-	0.0%	-	0.0%	1,000	-	0.0%
Operating Supplies	3,040	5,000	5,000	3,000	(2,000)	-40.0%	(2,000)	-40.0%	3,000	-	0.0%
Insurance	-	-	-	-	-	0.0%	-	0.0%	-	-	0.0%
Employee Programs	21,382	47,200	47,700	48,250	1,050	2.2%	550	1.2%	48,250	-	0.0%
Business Development	4,927	5,900	5,900	7,700	1,800	30.5%	1,800	30.5%	7,700	-	0.0%
Equipment Rentals & Repairs	-	600	600	600	-	0.0%	-	0.0%	600	-	0.0%
Total Non-Personnel Expenses	**491,626**	**1,310,700**	**1,311,200**	**1,221,800**	**(88,900)**	**-6.8%**	**(89,400)**	**-6.8%**	**1,221,800**	**-**	**0.0%**
					-						
Total Operating Expenses	**1,551,208**	**2,442,743**	**2,540,000**	**2,357,328**	**(85,415)**	**-3.5%**	**(182,673)**	**-7.2%**	**2,400,064**	**42,736**	**1.8%**
Non-Operating Expenses:											
Legal Settlements	22,439	40,000	40,000	20,000	(20,000)	-50.0%	(20,000)	-50.0%	20,000	-	0.0%
Total Non-Operating Expenses	**22,439**	**40,000**	**40,000**	**20,000**	**(20,000)**	**-50.0%**	**(20,000)**	**-50.0%**	**20,000**	**-**	**0.0%**
Total Expenses	**1,573,647**	**2,482,743**	**2,580,000**	**2,377,328**	**(105,415)**	**-4.2%**	**(202,673)**	**-7.9%**	**2,420,064**	**42,736**	**1.8%**
Equipment Outlay	**-**	**-**	**-**	**-**	**-**	**0.0%**	**-**	**0.0%**	**-**	**-**	**0.0%**
Total Dept Expenses incl Equip Outlay	**$ 1,573,647**	**$ 2,482,743**	**$ 2,580,000**	**$ 2,377,328**	**$ (105,415)**	**-4.2%**	**$ (202,673)**	**-7.9%**	**$ 2,420,064**	**$ 42,736**	**1.8%**

General Counsel

Major Drivers of FY 2012 – FY 2013 Budget Increase / (Decrease)

	Inc/(Dec) FY12 vs FY11 Amended	Inc/(Dec) FY12 vs FY12 Conceptual	Inc/(Dec) FY13 Conceptual vs FY12
FY 2011 Amended Budget / FY2012 Conceptual / FY 2012 Budget	**$ 2,482,743**	**$ 2,580,000**	**$ 2,377,328**
Personnel costs			
Burden (benefits & employer taxes) increase / (decrease) for current staff	2,264	(65,780)	17,752
Salary adjustments	1,222	(27,492)	24,985
Total Increase / (Decrease) in personnel costs	**3,486**	**(93,273)**	**42,736**
(Decrease) in use of other professional services	(40,000)	(40,000)	-
(Decrease) in outside legal services costs and legal settlements	(70,000)	(70,000)	-
Other, net	1,099	600	-
Total (Decrease) in non-personnel costs	**(108,901)**	**(109,400)**	**-**
Total Increase/ (Decrease)	**(105,415)**	**(202,673)**	**42,736**
FY 2012 Budget / FY 2013 Conceptual Budget	**$ 2,377,328**	**$ 2,377,328**	**$ 2,420,064**

General Counsel
Departmental Objectives

FY 2011 Progress Report

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

   Progress: On target.

   Sustainability Goal: Economic Viability, Operational Excellence.

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

   Fiscal Year: 2011. **Continue in 2012?** Yes.

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

   Progress: Costs have been markedly reduced, but all outside bills have yet to be submitted for the year.

   Sustainability Goal: Economic Viability, Operational Excellence.

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

   Fiscal Year: 2011. **Continue in 2012?** Yes.

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

   Progress: General Counsel has conducted seminars and educational sessions for staff.

   Sustainability Goal: Operational Excellence, Social Responsibility.

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

   Fiscal Year: 2011. **Continue in 2012?** Yes.

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

   Progress: Accomplished.

   Sustainability Goal: Operational Excellence, Social Responsibility.

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

   Fiscal Year: 2011. **Continue in 2012?** Yes.

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

   Progress: We have used two law clerks over the fiscal year reducing office costs in the process.

   Sustainability Goal: Social Responsibility.

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

   Fiscal Year: 2011. **Continue in 2012?** Yes.

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

   Progress: On target.

   Sustainability Goal: Operational Excellence, Social Responsibility.

   Authority Strategy: Strategy #3: Operate our airport in a safe, secure, environmentally-sound, effective, and efficient manner. Strategy #5: Be a trusted and highly responsive regional agency. Strategy #4: Ensure the highest level of employee satisfaction.

   Fiscal Year: 2011. **Continue in 2012?** Yes.

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

   Progress: The legal staff is in compliance with state law on meeting education requirements and, in fact, exceeds the requirements.

   Sustainability Goal: Operational Excellence, Social Responsibility.

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

   Fiscal Year: 2011. **Continue in 2012?** Yes.

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

   Progress: The documents and advice regarding these projects have been completed on time.

   Sustainability Goal: Operational Excellence.

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

   Fiscal Year: 2011. **Continue in 2012?** Yes.

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

   Progress: The office recently completed the redrafting of the Authority's rules and regulations. They have been published.

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

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

   Fiscal Year: 2011. **Continue in 2012?** Yes.

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

    Progress: In progress.

    Sustainability Goal: Natural Resource Conservation.

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

    Fiscal Year: 2011. **Continue in 2012?** Yes.

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

    Progress: The General Counsel is now a member of the San Diego City Attorney's Association. Others on the staff are also involved in community activities.

    Sustainability Goal: Operational Excellence, Social Responsibility.

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

    Fiscal Year: 2011. **Continue in 2012?** Yes.

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

    Progress: General Counsel has provided meaningful and timely support.

    Sustainability Goal: Operational Excellence, Social Responsibility.

    Authority Strategy: Strategy #3: Operate our airport in a safe, secure, environmentally-sound, effective, and efficient manner. Strategy #2: Achieve the highest level of internal and external customer satisfaction. Strategy #5: Be a trusted and highly responsive regional agency. Strategy #4: Ensure the highest level of employee satisfaction.

    Fiscal Year: 2011. **Continue in 2012?** Yes.

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

    Progress: On target.

    Sustainability Goal: Economic Viability, Operational Excellence.

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

    Fiscal Year: 2011. **Continue in 2012?** Yes.

General Counsel
Departmental Objectives

FY 2012 – FY 2013 Objectives

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

   Sustainability Goal: Economic Viability, Operational Excellence.

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

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

   Sustainability Goal: Economic Viability, Operational Excellence.

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

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

   Sustainability Goal: Economic Viability, Operational Excellence.

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

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

   Sustainability Goal: Operational Excellence.

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

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

   Sustainability Goal: Economic Viability, Operational Excellence.

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

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

   Sustainability Goal: Operational Excellence, Social Responsibility.

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

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

   Sustainability Goal: Operational Excellence.

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

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

   Sustainability Goal: Operational Excellence.

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

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

   Sustainability Goal: Economic Viability, Natural Resource Conservation.

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

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

    Sustainability Goal: Operational Excellence, Social Responsibility.

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

Administration Division

Administration Division

Overview

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

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

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

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

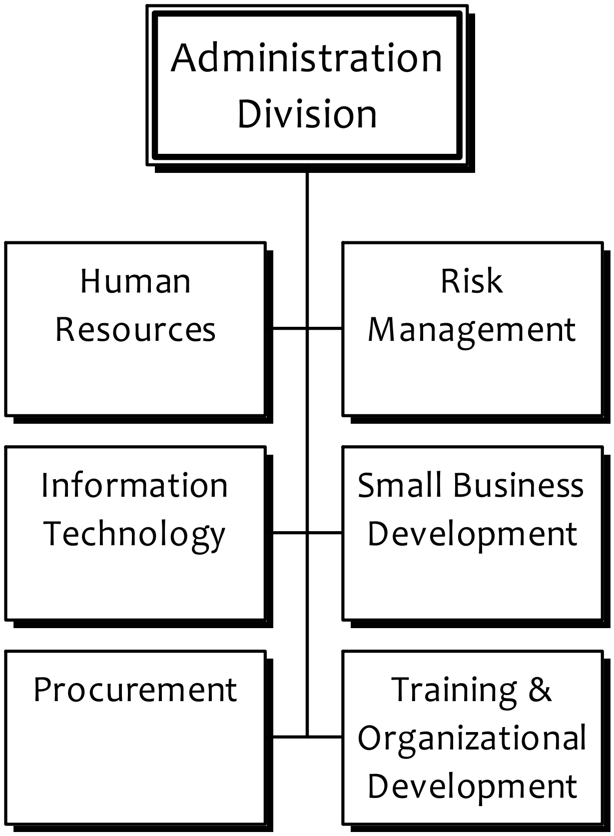
The **Risk Management Department** is responsible for coordinating with insurance brokers and carriers to identify risk exposures and securing & maintaining insurance coverage to protect the Authority's property and people assets at reasonable costs.

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

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

Administration Division

Organizational Structure



Personnel Summary

	FY 2010 Authorized & Funded Positions	FY 2011 Authorized & Funded Positions	FY 2012 Transfers	FY 2012 New/ (Eliminated) Positions	FY 2012 (Frozen)/ Unfrozen Positions	FY2012 Authorized & Funded Positions	FY 2013 New/ (Eliminated) Positions	FY 2013 (Frozen)/ Unfrozen Positions	FY2013 Authorized & Funded Positions
Administration									
Risk Management	6	7	-	-	(1)	6	-	-	6
Small Business Development	4	6	-	(1)	(1)	4	-	-	4
T&O Development	3	3	-	-	-	3	-	-	3
Information Technology	22	22	-	-	-	22	1	-	23
Human Resources	11	10	-	-	-	10	-	-	10
Procurement	12	12	-	-	-	12	-	-	12
Total	**58**	**60**	**-**	**(1)**	**(2)**	**57**	**1**	**-**	**58**
Authorized and Unfunded Positions	1	2	-	-	-	4	-	-	4
Total Authorized Positions	**59**	**62**	**-**	**(1)**	**-**	**61**	**1**	**-**	**62**

Administration Division

FY 2012 – FY 2013 Expense Budget Summary

	FY 2010 Actuals	FY 2011 Amended Budget	FY 2012 Conceptual Budget	FY 2012 Budget	Inc/(Dec) FY12 vs FY11 Amended	% Change	Inc/(Dec) FY12 vs FY12 Conceptual	% Change	FY 2013 Conceptual Budget	Inc/(Dec) FY13 Conceptual vs FY12	% Change
Operating Expenses:											
Personnel Expenses											
Salaries and Wages	$ 4,670,432	$ 4,642,018	$ 4,642,018	$ 4,445,915	$ (196,103)	-4.2%	$ (196,103)	-4.2%	$ 4,596,331	$ 150,416	3.4%
Premium Overtime	173,458	161,759	161,759	160,259	(1,500)	-0.9%	(1,500)	-0.9%	160,259	-	0.0%
Employee Benefits	1,909,043	2,329,112	2,737,711	2,142,514	(186,598)	-8.0%	(595,197)	-21.7%	2,312,879	170,364	8.0%
Subtotal	**6,752,933**	**7,132,889**	**7,541,488**	**6,748,688**	**(384,201)**	**-5.4%**	**(792,800)**	**-10.5%**	**7,069,469**	**320,781**	**4.8%**
Less: Capitalized Labor	*(53,035)*	*(173,879)*	*(173,879)*	*(113,719)*	60,160	-34.6%	60,160	-34.6%	*(117,479)*	(3,760)	3.3%
Total Personnel Expenses	**6,699,898**	**6,959,010**	**7,367,609**	**6,634,969**	**(324,041)**	**-4.7%**	**(732,640)**	**-9.9%**	**6,951,990**	**317,021**	**4.8%**
Non-Personnel Expenses											
Contractual Services	1,317,519	1,873,844	1,919,132	1,690,800	(183,044)	-9.8%	(228,332)	-11.9%	1,711,800	21,000	1.2%
Safety and Security	-	-	-	-	-	0.0%	-	0.0%	-	-	0.0%
Space Rental	-	-	-	-	-	0.0%	-	0.0%	-	-	0.0%
Utilities	427,733	480,500	482,615	396,515	(83,985)	-17.5%	(86,100)	-17.8%	385,215	(11,300)	-2.8%
Facilities Supplies-Airport	-	-	-	-	-	0.0%	-	0.0%	-	-	0.0%
Maintenance	-	-	-	-	-	0.0%	-	0.0%	-	-	0.0%
Operating Equipment & Systems	755,205	316,672	282,900	211,100	(105,572)	-33.3%	(71,800)	-25.4%	211,100	-	0.0%
Operating Supplies	41,403	64,450	68,922	54,250	(10,200)	-15.8%	(14,672)	-21.3%	55,750	1,500	2.8%
Insurance	1,165,911	1,222,750	1,211,560	1,020,000	(202,750)	-16.6%	(191,560)	-15.8%	1,020,000	-	0.0%
Employee Programs	367,313	588,983	552,730	459,626	(129,357)	-22.0%	(93,104)	-16.8%	459,526	(100)	0.0%
Business Development	140,579	175,200	292,010	244,632	69,432	39.6%	(47,378)	-16.2%	381,832	137,200	56.1%
Equipment Rentals & Repairs	840,294	1,171,520	1,207,120	1,315,954	144,434	12.3%	108,834	9.0%	1,315,954	-	0.0%
Total Non-Personnel Expenses	**5,055,958**	**5,893,919**	**6,016,989**	**5,392,877**	**(501,042)**	**-8.5%**	**(624,112)**	**-10.4%**	**5,541,177**	**148,300**	**2.7%**
Total Operating Expenses	**11,755,856**	**12,852,929**	**13,384,598**	**12,027,846**	**(825,083)**	**-6.4%**	**(1,356,752)**	**-10.1%**	**12,493,167**	**465,321**	**3.9%**
Total Non-Operating Expenses	**-**	**-**	**-**	**-**	**-**	**0.0%**	**-**	**0.0%**	**-**	**-**	**0.0%**
Total Expenses	**11,755,856**	**12,852,929**	**13,384,598**	**12,027,846**	**(825,083)**	**-6.4%**	**(1,356,752)**	**-10.1%**	**12,493,167**	**465,321**	**3.9%**
Equipment Outlay	**557,009**	**148,000**	**98,645**	**78,000**	**(70,000)**	**-47.3%**	**(20,645)**	**-20.9%**	**78,000**	**-**	**0.0%**
Total Division Expenses incl Equip Outlay	**$ 12,312,865**	**$ 13,000,929**	**$ 13,483,243**	**$ 12,105,846**	**$ (895,083)**	**-6.9%**	**$ (1,377,397)**	**-10.2%**	**$ 12,571,167**	**$ 465,321**	**3.8%**

Administration Division

Major Drivers of FY 2012 Budget Increase / (Decrease)

		Inc/(Dec) FY12 vs FY11 Amended		Inc/(Dec) FY12 vs FY12 Conceptual
FY 2011 Amended Budget / FY2012 Conceptual	**$**	**13,000,929**	**$**	**13,483,243**
Personnel costs				
Change in capitalized labor		60,160		60,160
Salary adjustments		(7,151)		(7,150)
Elimination of position - Administrative Assistant I		(60,420)		(60,420)
Burden (benefits & employer taxes) (decrease) for current staff		(97,322)		(505,922)
Unfunded position - Small Business Development Program Manager		(108,105)		(108,105)
Unfunded position - Risk Management Analyst		(111,203)		(111,203)
Total (Decrease) in personnel costs		**(324,041)**		**(732,640)**
Increase in repairs and office equipment		91,450		63,350
Increase / (Decrease) in promotional activities & materials		74,212		(33,850)
(Decrease) in equipment outlay costs		(70,000)		(20,645)
(Decrease) in costs of telephone and other services and equipment		(83,785)		(86,100)
(Decrease) in equipment and systems costs		(87,372)		(60,000)
(Decrease) in insurance costs		(202,750)		(191,560)
(Decrease) in IT service (EnterpriseOne ERP Production - WTS Hosting and paging) costs		(232,994)		(232,994)
Other, net		(59,803)		(82,958)
Total (Decrease) in non-personnel costs		**(571,041)**		**(644,756)**
Total (Decrease)		**(895,082)**		**(1,377,396)**
FY 2012 Budget	**$**	**12,105,846**	**$**	**12,105,846**

Administration Division
Major Drivers of FY 2013 Conceptual Budget Increase / (Decrease)

		Inc/(Dec) FY13 Conceptual vs FY12
FY 2012 Budget	**$**	**12,105,846**
Personnel costs		
Burden (benefits & employer taxes) increase for current staff		158,617
Salary adjustments		132,483
Additional Headcount - System Support Analyst (Q4 FY13)		29,681
Total Increase in personnel costs		**320,781**
Increase in promotional activities & materials		135,800
(Decrease) in costs of telephone and other services and equipment		(11,300)
Other, net		20,040
Total Increase in non-personnel costs		**144,540**
Total Increase		**465,321**
FY 2013 Conceptual Budget	**$**	**12,571,167**

Administration Division
FY 2012 – FY 2013 Expense Budget by Department

Department		FY 2012 Budget
Information Technology	$	5,244,681
Risk Management		2,578,613
Human Resources		1,888,112
Procurement		1,260,082
Small Business Development		593,864
Training and Development		540,494
Total	**$**	**12,105,846**

** Departmental totals may differ due to rounding*

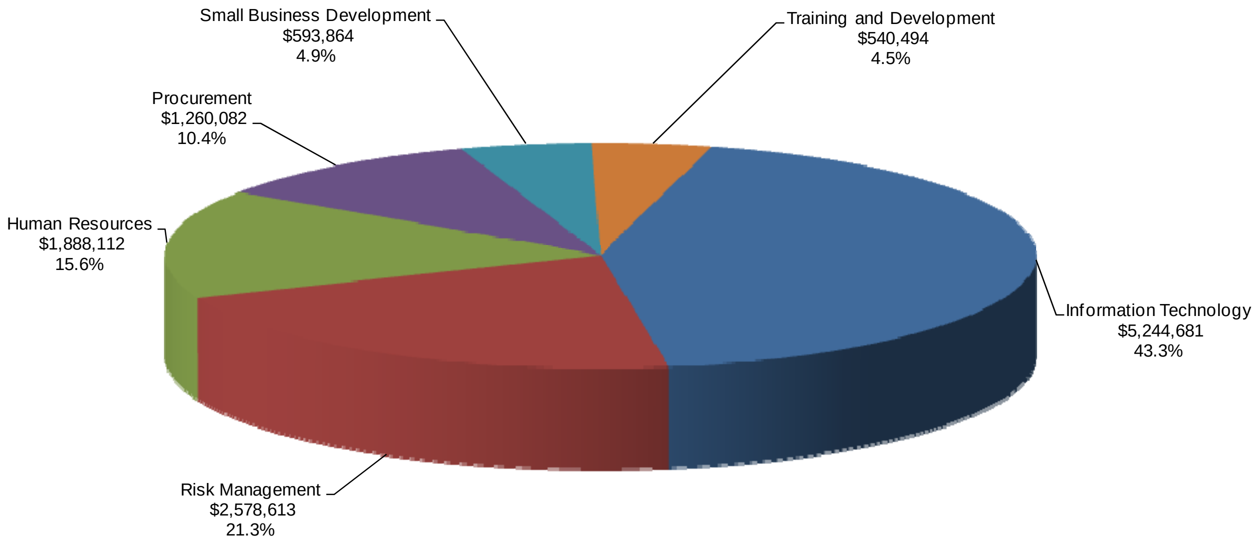


Figure 26 – FY 2012 Expense Budget by Department

Administration Division

FY 2012 – FY 2013 Expense Budget by Department (cont.)

Department	FY 2013 Conceptual Budget
Information Technology	$ 5,378,051
Risk Management	2,614,051
Human Resources	1,940,136
Procurement	1,314,721
Small Business Development	750,046
Training and Development	574,162
Total	**$ 12,571,167**

** Departmental totals may differ due to rounding*

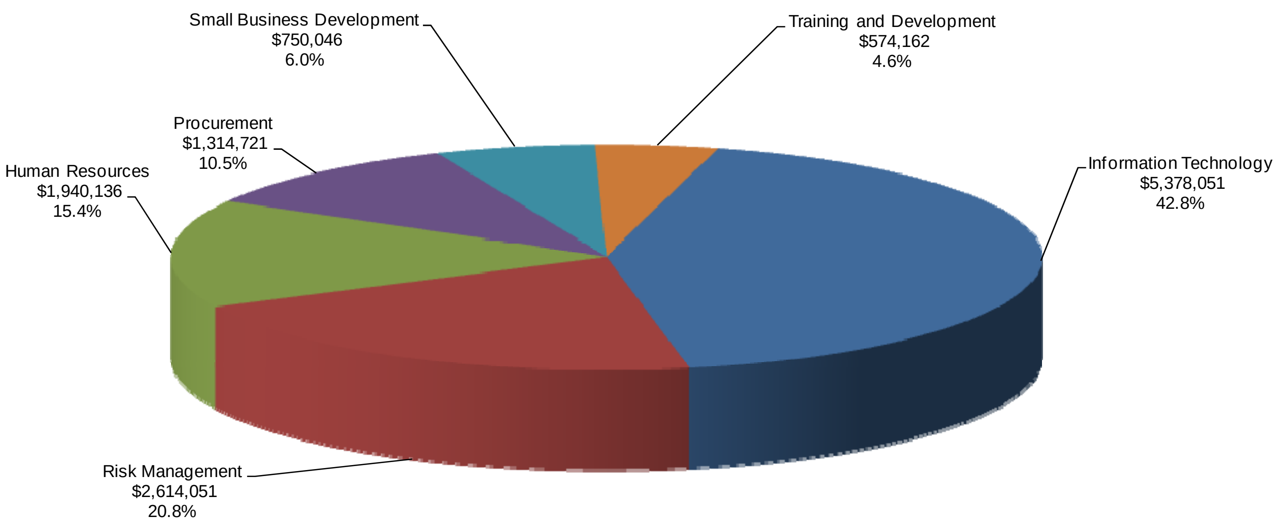


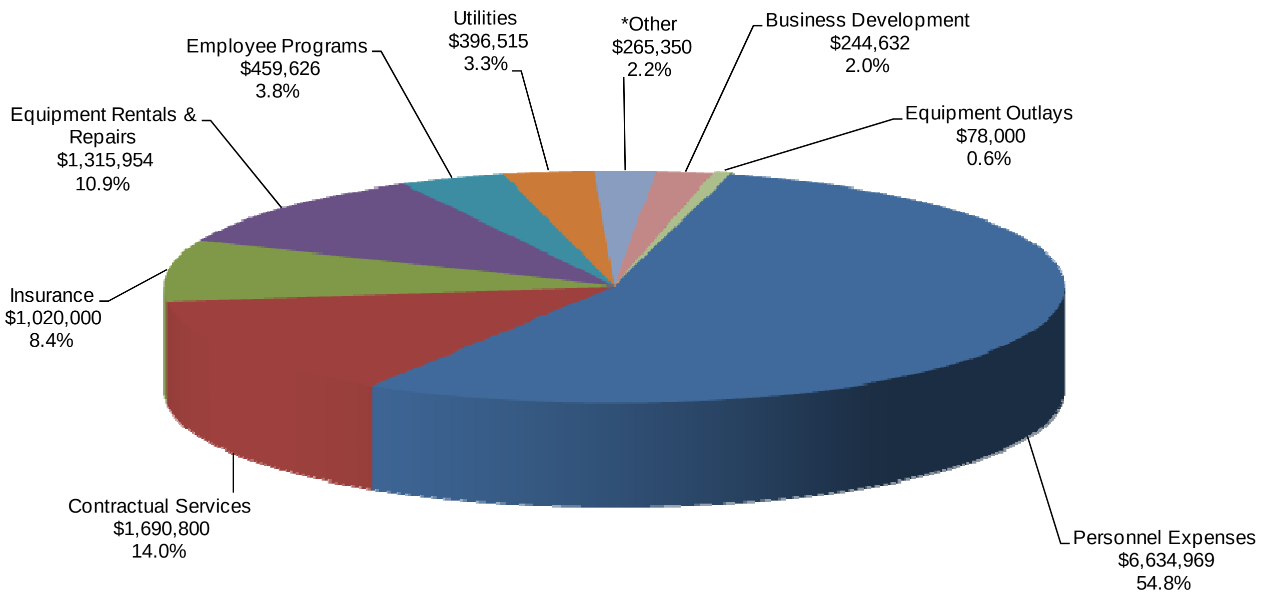
Figure 27 – FY 2013 Expense Budget by Department

Administration Division

FY 2012 – FY 2013 Expense Budget by Category

Category		FY 2012 Budget
Personnel Expenses	$	6,634,969
Contractual Services		1,690,800
Equipment Rentals & Repairs		1,315,954
Insurance		1,020,000
Employee Programs		459,626
Utilities		396,515
*Other		265,350
Business Development		244,632
Equipment Outlays		78,000
Total	**$**	**12,105,846**

** Category totals may differ due to rounding*



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

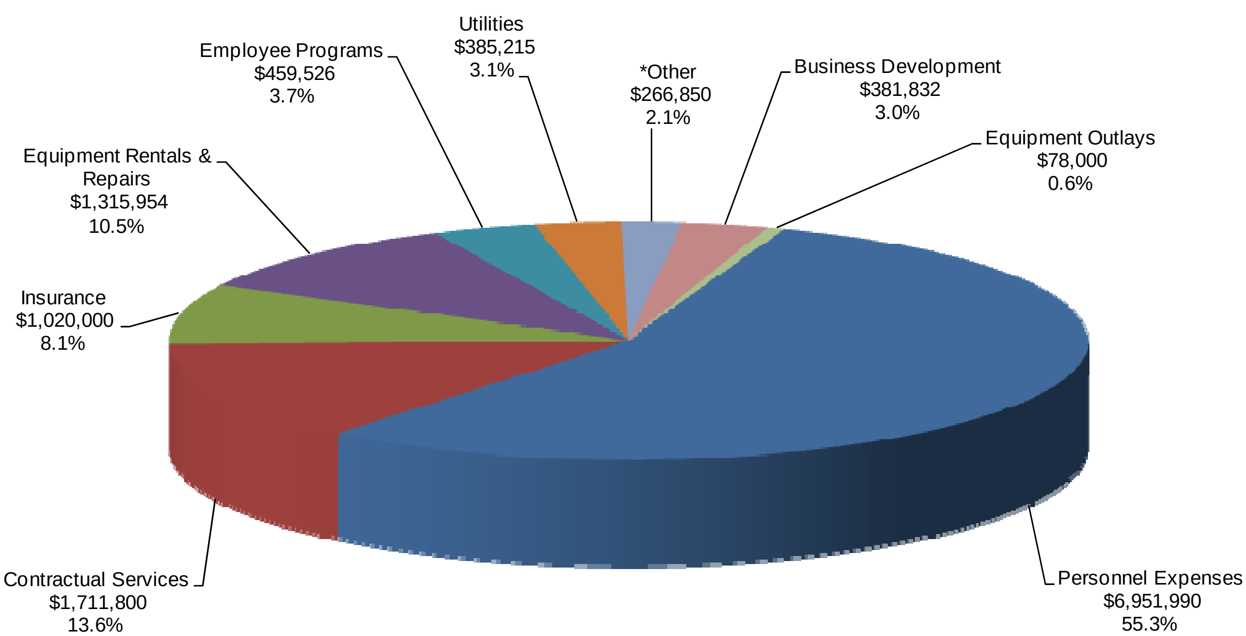
Figure 28 – FY 2012 Expense Budget by Category

Administration Division

FY 2012 – FY 2013 Expense Budget by Category (cont.)

Category	FY 2013 Conceptual Budget	
Personnel Expenses	$	6,951,990
Contractual Services		1,711,800
Equipment Rentals & Repairs		1,315,954
Insurance		1,020,000
Employee Programs		459,526
Utilities		385,215
Business Development		381,832
*Other		266,850
Equipment Outlays		78,000
Total	**$**	**12,571,167**

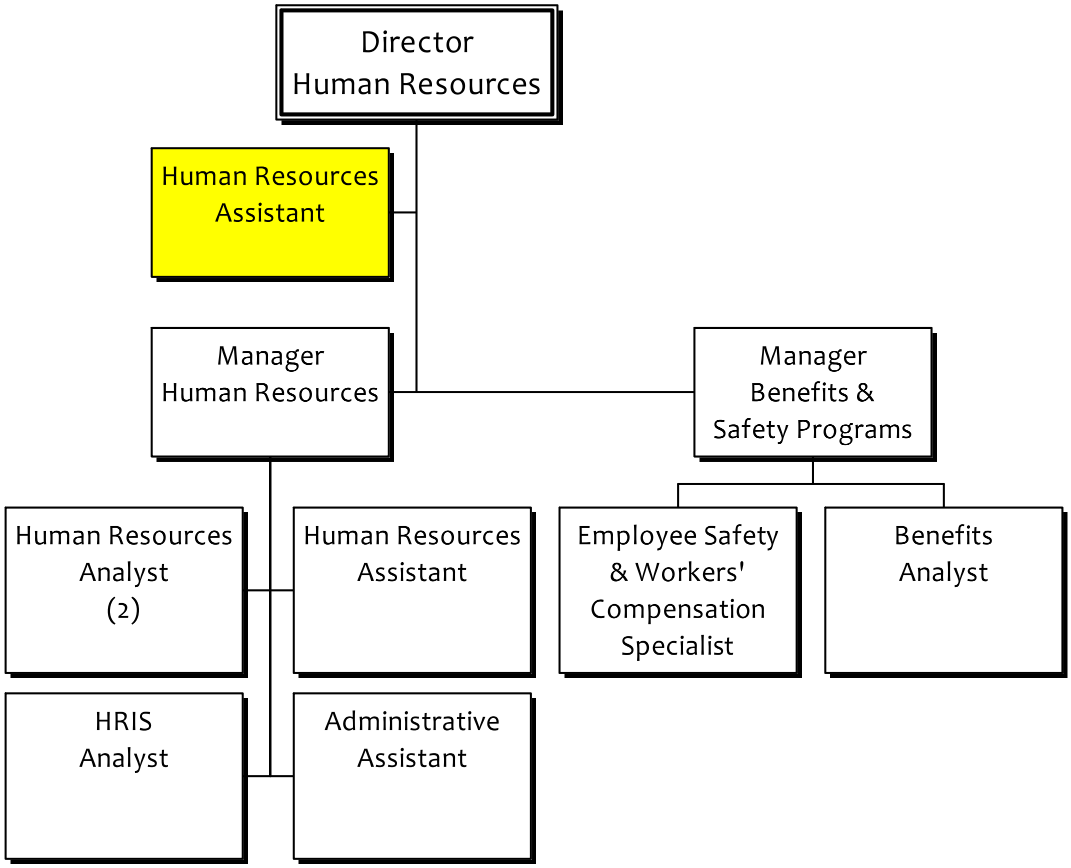
** Category totals may differ due to rounding*



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

Figure 29 – FY 2013 Expense Budget by Category

Human Resources
FY 2012 – FY 2013 Organizational Structure



** No personnel changes planned for FY 2013*

** Unfunded position shown in yellow*

Human Resources
FY 2012 – FY 2013 Expense Budget Summary

	FY 2010 Actuals	FY 2011 Amended Budget	FY 2012 Conceptual Budget	FY 2012 Budget	Inc/(Dec) FY12 vs FY11 Amended	% Change	Inc/(Dec) FY12 vs FY12 Conceptual	% Change	FY 2013 Conceptual Budget	Inc/(Dec) FY13 Conceptual vs FY12	% Change
Operating Expenses:											
Personnel Expenses											
Salaries and Wages	$ 958,163	$ 813,549	$ 813,549	$ 818,526	$ 4,978	0.6%	$ 4,978	0.6%	$ 842,895	$ 24,369	3.0%
Premium Overtime	566	7,000	7,000	6,000	(1,000)	-14.3%	(1,000)	-14.3%	6,000	-	0.0%
Employee Benefits	367,843	461,359	564,066	365,078	(96,281)	-20.9%	(198,988)	-35.3%	392,733	27,655	7.6%
Subtotal	1,326,571	1,281,907	1,384,614	1,189,605	(92,302)	-7.2%	(195,009)	-14.1%	1,241,629	52,024	4.4%
Less: Capitalized Labor	-	-	-	-	-	0.0%	-	0.0%	-	-	0.0%
Total Personnel Expenses	**1,326,571**	**1,281,907**	**1,384,614**	**1,189,605**	**(92,302)**	**-7.2%**	**(195,009)**	**-14.1%**	**1,241,629**	**52,024**	**4.4%**
Non-Personnel Expenses											
Contractual Services	323,652	378,300	403,100	369,900	(8,400)	-2.2%	(33,200)	-8.2%	369,900	-	0.0%
Safety and Security	-	-	-	-	-	0.0%	-	0.0%	-	-	0.0%
Space Rental	-	-	-	-	-	0.0%	-	0.0%	-	-	0.0%
Utilities	-	-	-	-	-	0.0%	-	0.0%	-	-	0.0%
Maintenance	-	-	-	-	-	0.0%	-	0.0%	-	-	0.0%
Operating Equipment & Systems	3,520	11,000	5,100	5,100	(5,900)	-53.6%	-	0.0%	5,100	-	0.0%
Operating Supplies	14,435	11,000	11,220	7,500	(3,500)	-31.8%	(3,720)	-33.2%	7,500	-	0.0%
Insurance	-	-	-	-	-	0.0%	-	0.0%	-	-	0.0%
Employee Programs	159,631	335,600	306,870	270,476	(65,124)	-19.4%	(36,394)	-11.9%	270,476	-	0.0%
Business Development	61,099	67,000	67,502	45,032	(21,968)	-32.8%	(22,470)	-33.3%	45,032	-	0.0%
Equipment Rentals & Repairs	5,403	500	500	500	-	0.0%	-	0.0%	500	-	0.0%
Total Non-Personnel Expenses	**567,739**	**803,400**	**794,292**	**698,508**	**(104,892)**	**-13.1%**	**(95,784)**	**-12.1%**	**698,508**	**-**	**0.0%**
Total Operating Expenses	**1,894,310**	**2,085,307**	**2,178,906**	**1,888,112**	**(197,195)**	**-9.5%**	**(290,794)**	**-13.3%**	**1,940,136**	**52,024**	**2.8%**
Total Non-Operating Expenses	**-**	**-**	**-**	**-**	**-**	**0.0%**	**-**	**0.0%**	**-**	**-**	**0.0%**
Total Expenses	**1,894,310**	**2,085,307**	**2,178,906**	**1,888,112**	**(197,195)**	**-9.5%**	**(290,794)**	**-13.3%**	**1,940,136**	**52,024**	**2.8%**
Equipment Outlay	**15,037**	**-**	**-**	**-**	**-**	**0.0%**	**-**	**0.0%**	**-**	**-**	**0.0%**
Total Dept Expenses incl Equip Outlay	**$ 1,909,347**	**$ 2,085,307**	**$ 2,178,906**	**$ 1,888,112**	**$ (197,195)**	**-9.5%**	**$ (290,794)**	**-13.3%**	**$ 1,940,136**	**$ 52,024**	**2.8%**

Human Resources

Major Drivers of FY 2012 – FY 2013 Budget Increase / (Decrease)

	Inc/(Dec) FY12 vs FY11 Amended	Inc/(Dec) FY12 vs FY12 Conceptual	Inc/(Dec) FY13 Conceptual vs FY12
FY 2011 Amended Budget / FY 2012 Conceptual / FY 2012 Budget	**$ 2,085,307**	**$ 2,178,906**	**$ 1,888,112**
Personnel costs			
Salary adjustments	3,977	3,978	24,369
Burden (benefits & employer taxes) increase / (decrease) for current staff	(96,281)	(198,988)	27,655
Total Increase / (Decrease) in personnel costs	**(92,304)**	**(195,010)**	**52,024**
(Decrease) in services for outside professional consultants	(5,550)	(30,000)	-
(Decrease) in awards and services	(11,900)	(12,688)	-
(Decrease) in promotional activities & materials	(20,988)	(21,250)	-
(Decrease) in recruiting costs	(48,380)	(13,030)	-
Other, net	(18,073)	(18,816)	-
Total (Decrease) in non-personnel costs	**(104,891)**	**(95,784)**	**-**
Total Increase / (Decrease)	**(197,195)**	**(290,794)**	**52,024**
FY 2012 Budget / FY 2013 Conceptual Budget	**$ 1,888,112**	**$ 1,888,112**	**$ 1,940,136**

Human Resources
Departmental Objectives

FY 2011 Progress Report

1. **Manage avoidable losses by implementing safe work practices to achieve workers' compensation cost containment measures. Success equals maintaining the organization's FY 2010 loss rate per $100 payroll through FY 2011.**

   Progress: On track to achieve fiscal year goal.

   Sustainability Goal: Economic Viability.

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

   Fiscal Year: 2011. C**ontinue in 2012?** Yes, with updated language.

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

   Progress: Achieved 80% accuracy in data maintenance and no administrative errors.

   Sustainability Goal: Social Responsibility.

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

   Fiscal Year: 2011. C**ontinue in 2012?** Yes, with updated language.

3. **Achieve 85% participation in health risk assessments with improvement in organizational health results through FY 2011. Success equals an increase in the percentage of employees in normal BMI range compared to FY 2010 results.**

   Progress: Achieved 85% employee participation rate.

   Sustainability Goal: Social Responsibility.

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

   Fiscal Year: 2011. C**ontinue in 2012?** Yes, with updated language.

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

   Progress: On track to achieve fiscal year goal

   Sustainability Goal: Social Responsibility.

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

   Fiscal Year: 2011. C**ontinue in 2012?** Yes, with updated language.

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

   Progress: Average time to offer is within 35 days.

   Sustainability Goal: Social Responsibility.

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

   Fiscal Year: 2011. C**ontinue in 2012?**No.

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

   Progress: OT, Change to Prompt Response**.**

   Sustainability Goal: Social Responsibility.

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

   Fiscal Year: 2011. C**ontinue in 2012?** No.

Human Resources
Departmental Objectives

FY 2012 – FY 2013 Objectives

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

   Sustainability Goal: Economic Viability.

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

2. **Manage benefit administration with the same or less payroll adjustments from FY 2011, due to administrative errors. Success equals 80% accuracy in benefit data maintenance in the E-1 system through FY 2012.**

   Sustainability Goal: Operational Excellence, Social Responsibility.

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

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

   Sustainability Goal: Operational Excellence, Social Responsibility.

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

4. **Implement enhancements to the performance management process. Success equals developing, through client group interaction and feedback, a strategy to measure/improve the quality of performance conversations.**

   Sustainability Goal: Operational Excellence, Social Responsibility.

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

5. **Enhance recruitment sourcing and selection results. Success equals developing and implementing a tool to measure and assess quality of hire by the conclusion of FY 2012.**

   Sustainability Goal: Operational Excellence, Social Responsibility.

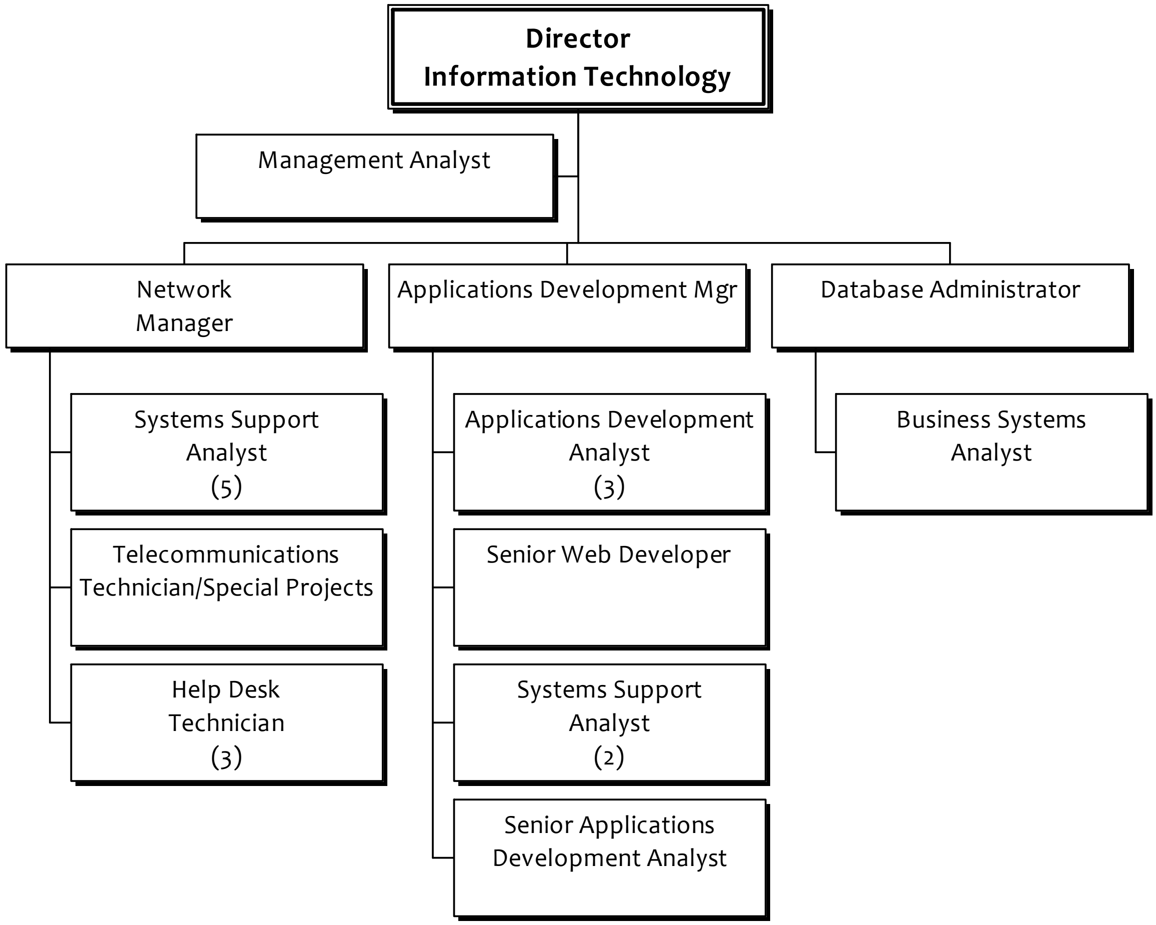
   Authority Strategy: Strategy #2: Achieve the highest level of internal and external customer satisfaction. Strategy #4: Ensure the highest level of employee satisfaction.

6. **Enhance the customer satisfaction rate of the HR department as measured through the annual Division Customer Satisfaction Survey. Success equals maintaining a 3-year average level of customer responsiveness above 80% through FY 2012.**

   Sustainability Goal: Operational Excellence, Social Responsibility.

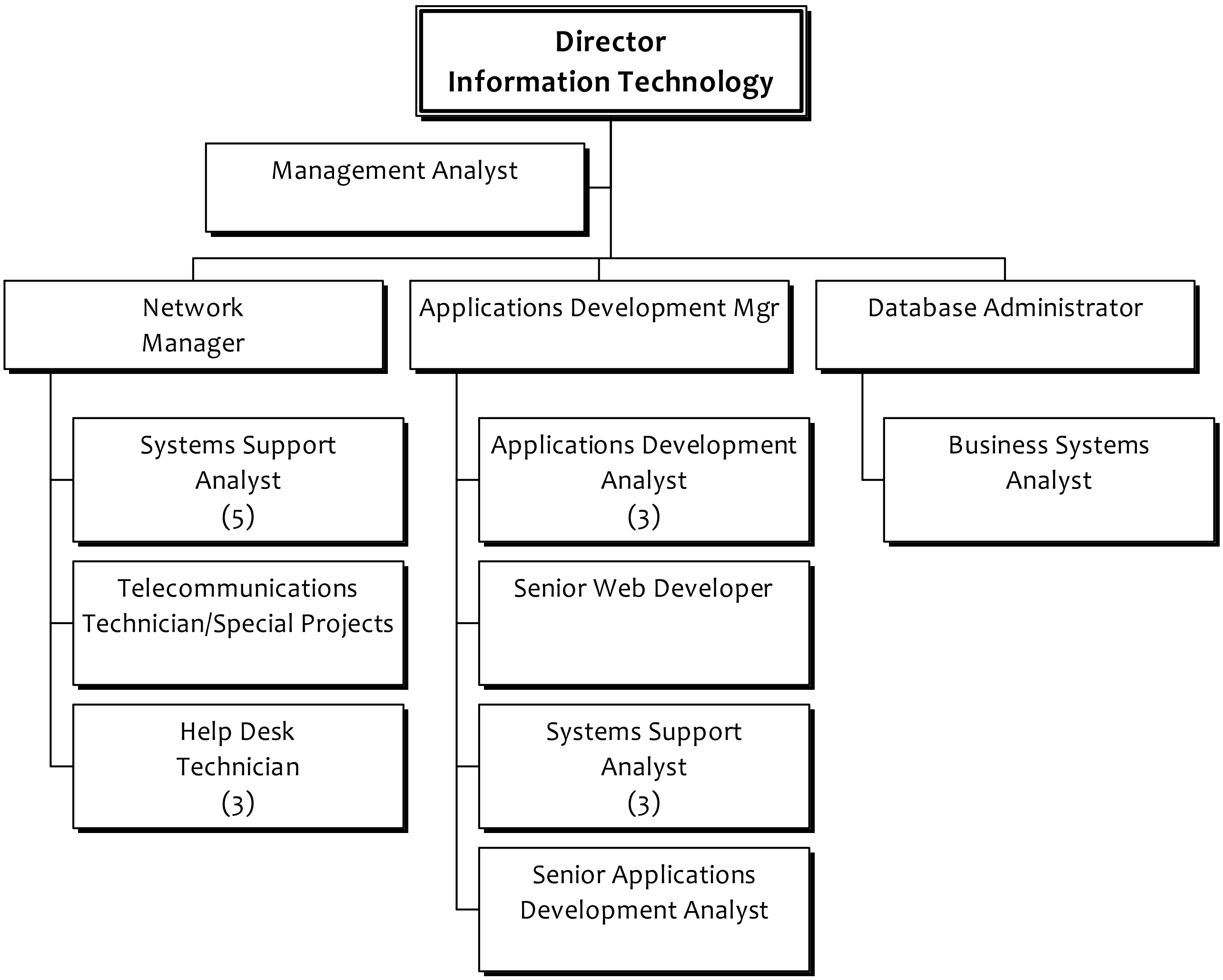
   Authority Strategy: Strategy #2: Achieve the highest level of internal and external customer satisfaction. Strategy #4: Ensure the highest level of employee satisfaction.

Information Technology
FY 2012 – FY 2013 Organizational Structure



FY 2012 Organizational Structure

FY 2012 – FY 2013 Organizational Structure (cont.)



FY 2013 Organizational Structure

Information Technology
FY 2012 – FY 2013 Expense Budget Summary

	FY 2010 Actuals	FY 2011 Amended Budget	FY 2012 Conceptual Budget	FY 2012 Budget	Inc/(Dec) FY12 vs FY11 Amended	% Change	Inc/(Dec) FY12 vs FY12 Conceptual	% Change	FY 2013 Conceptual Budget	Inc/(Dec) FY13 Conceptual vs FY12	% Change
Operating Expenses:											
Personnel Expenses											
Salaries and Wages	$ 1,709,645	$ 1,721,759	$ 1,721,759	$ 1,713,135	$ (8,623)	-0.5%	$ (8,623)	-0.5%	$ 1,782,275	$ 69,140	4.0%
Premium Overtime	172,512	152,000	152,000	152,000	-	0.0%	-	0.0%	152,000	-	0.0%
Employee Benefits	737,331	865,370	1,009,771	869,877	4,507	0.5%	(139,894)	-13.9%	945,406	75,529	8.7%
Subtotal	2,619,489	2,739,128	2,883,529	2,735,013	(4,115)	-0.2%	(148,516)	-5.2%	2,879,683	144,670	5.3%
Less: Capitalized Labor	-	-	-	-	-	0.0%	-	0.0%	-	-	0.0%
Total Personnel Expenses	**2,619,489**	**2,739,128**	**2,883,529**	**2,735,013**	**(4,115)**	**-0.2%**	**(148,516)**	**-5.2%**	**2,879,683**	**144,670**	**5.3%**
Non-Personnel Expenses											
Contractual Services	529,638	735,994	735,994	493,000	(242,994)	-33.0%	(242,994)	-33.0%	493,000	-	0.0%
Safety and Security	-	-	-	-	-	0.0%	-	0.0%	-	-	0.0%
Space Rental	-	-	-	-	-	0.0%	-	0.0%	-	-	0.0%
Utilities	427,733	480,000	482,315	396,215	(83,785)	-17.5%	(86,100)	-17.9%	384,915	(11,300)	-2.9%
Maintenance	-	-	-	-	-	0.0%	-	0.0%	-	-	0.0%
Operating Equipment & Systems	729,806	289,372	262,000	202,000	(87,372)	-30.2%	(60,000)	-22.9%	202,000	-	0.0%
Operating Supplies	12,514	16,500	20,500	13,300	(3,200)	-19.4%	(7,200)	-35.1%	13,300	-	0.0%
Insurance	-	-	-	-	-	0.0%	-	0.0%	-	-	0.0%
Employee Programs	70,863	97,820	98,832	52,000	(45,820)	-46.8%	(46,832)	-47.4%	52,000	-	0.0%
Business Development	5,659	12,600	12,600	7,100	(5,500)	-43.7%	(5,500)	-43.7%	7,100	-	0.0%
Equipment Rentals & Repairs	787,534	1,135,620	1,173,720	1,268,054	132,434	11.7%	94,334	8.0%	1,268,054	-	0.0%
Total Non-Personnel Expenses	**2,563,748**	**2,767,906**	**2,785,961**	**2,431,669**	**(336,237)**	**-12.1%**	**(354,292)**	**-12.7%**	**2,420,369**	**(11,300)**	**-0.5%**
Total Operating Expenses	**5,183,236**	**5,507,034**	**5,669,490**	**5,166,681**	**(340,353)**	**-6.2%**	**(502,809)**	**-8.9%**	**5,300,051**	**133,370**	**2.6%**
Total Non-Operating Expenses	**-**	**-**	**-**	**-**	**-**	**0.0%**	**-**	**0.0%**	**-**	**-**	**0.0%**
Total Expenses	**5,183,236**	**5,507,034**	**5,669,490**	**5,166,681**	**(340,353)**	**-6.2%**	**(502,809)**	**-8.9%**	**5,300,051**	**133,370**	**2.6%**
Equipment Outlay	**529,472**	**148,000**	**98,645**	**78,000**	**(70,000)**	**-47.3%**	**(20,645)**	**-20.9%**	**78,000**	**-**	**0.0%**
Total Dept Expenses incl Equip Outlay	**$ 5,712,709**	**$ 5,655,034**	**$ 5,768,135**	**$ 5,244,681**	**$ (410,353)**	**-7.3%**	**$ (523,454)**	**-9.1%**	**$ 5,378,051**	**$ 133,370**	**2.5%**

Information Technology

Major Drivers of FY 2012 – FY 2013 Budget Increase / (Decrease)

	Inc/(Dec) FY12 vs FY11 Amended	Inc/(Dec) FY12 vs FY12 Conceptual	Inc/(Dec) FY13 Conceptual vs FY12
FY 2011 Amended Budget / FY 2012 Conceptual / FY 2012 Budget	**$ 5,655,034**	**$ 5,768,135**	**$ 5,244,681**
Personnel costs			
Additional Headcount - System Support Analyst (Q4 FY13)	-	-	29,681
Burden (benefits & employer taxes) increase / (decrease) for current staff	4,507	(139,894)	63,781
Salary adjustments	(8,624)	(8,623)	51,207
Total Increase / (Decrease) in personnel costs	**(4,117)**	**(148,517)**	**144,670**
Increase in repairs of office equipment and systems	91,450	63,350	-
Increase in equipment rental and leasing	40,984	30,984	-
(Decrease) in seminars and training costs	(30,000)	(30,982)	-
(Decrease) in equipment outlay costs	(70,000)	(20,645)	-
(Decrease) in costs of telephone and other services and equipment	(83,785)	(86,100)	(11,300)
(Decrease) in equipment and systems costs	(87,372)	(60,000)	-
(Decrease) in IT service (EnterpriseOne ERP Production - WTS Hosting and paging) costs	(232,994)	(232,994)	-
Other, net	(34,519)	(38,550)	-
Total (Decrease) in non-personnel costs	**(406,236)**	**(374,937)**	**(11,300)**
Total Increase / (Decrease)	**(410,353)**	**(523,454)**	**133,370**
FY 2012 Budget / FY 2013 Conceptual Budget	**$ 5,244,681**	**$ 5,244,681**	**$ 5,378,051**

Information Technology
Departmental Objectives

FY 2011 Progress Report

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

   Progress: Currently exceeding 99.5% with 99.9% up time.

   Sustainability Goal: Operational Excellence.

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

   Fiscal Year: 2011. **Continue in 2012?** Yes.

2. **Support business process improvement throughout the Authority.**

   Progress: No new process improvement initiatives have been started by other departments.

   Sustainability Goal: Social Responsibility.

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

   Fiscal Year: 2011. **Continue in 2012?** No.

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

   Progress: IT has been aggressively reviewing TDP materials and consistently attending TDP stakeholder meetings to ensure that TDP personnel appropriately document IT requirements. TDP documentation appropriately reflects IT input.

   Sustainability Goal: Operational Excellence, Natural Resource Conservation.

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

   Fiscal Year: 2011. **Continue in 2012?** Yes.

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

   - Answer all emergency pages within 30 minutes, with repair/resolution in 4 hours.
     - Percent of requests resolved on time = 98%
   - Answer all urgent requests within two work hours, with repair/resolution in 24 hours.
     - Percent of requests resolved on time = 96%
   - Answer all standard requests within 8 work hours, with repair/resolution in 3 days.
     - Percent of requests resolved on time = 94%

   Progress: Survey results have achieved an overall 90% satisfaction rating.

   Sustainability Goal: Operational Excellence.

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

   Fiscal Year: 2011. **Continue in 2012?** Yes.

5. **Continue to assist in implementing common use gates.**

   Progress: IT has stimulated the need for, and participated in, multiple working groups and TDP working sessions to define the business case and details for implementing common use. IT continues to be a highly involved key participant in this effort.

   Sustainability Goal: Operational Excellence.

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

   Fiscal Year: 2011. **Continue in 2012?** No.

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

   - Maintain Authority phone switch with 99.5% up time.
   - Replace network switches that will be five years or older by May 2011.
   - Replace key file server systems that become or exceed five years of age by June 2011.

   Progress: A. The phone switch currently has a 100% up time
   B. All five-year old network switches have been replaced.
   C. IT is on track to meet this goal.

   Sustainability Goal: Social Responsibility.

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

   Fiscal Year: 2011. **Continue in 2012?** Yes, as upgrade of network.

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

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

   Progress: IT is on track to meet all of these training goals.

   Sustainability Goal: Social Responsibility.

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

   Fiscal Year: 2011. **Continue in 2012?** Yes.

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

   Progress: IT has ensured that REM, FDD, and TDP have institutionalized including IT in reviews of all construction projects. IT actively supports the review and comment process for all construction projects, including extensive participation in the TDP review processes. IT is on track to have the Gate Management system implemented by the end of this reporting period.

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

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

   Fiscal Year: 2011. **Continue in 2012?** No.

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

   Progress: IT is on track to complete the conversion of 6 servers to a virtualized environment.

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

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

   Fiscal Year: 2011. **Continue in 2012?** Yes, at a ten percent goal.

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

    Progress: This is a duplicate goal, with Objective # 5 – assist in implementing common use gates. Real Estate has not requested in this FY (nor is anticipated requesting) implementation of any additional common use gates, other than those identified with the TDP project.

    Sustainability Goal: Operational Excellence.

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

    Fiscal Year: 2011. **Continue in 2012?** No.

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

Progress: The Authority desktop phone system is currently at 100% up-time

Sustainability Goal: Operational Excellence.

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

Fiscal Year: 2011. C**ontinue in 2012?** Yes.

Information Technology
Departmental Objectives

FY 2012 – FY 2013 Objectives

1. **Achieve 99.5% availability of Authority computer and network systems from July 2011 through June 2012. Success is:**
    a. **Critical application servers maintaining 99.5% up-time**
    b. **Critical core switches maintaining 99.5% up-time**

   Sustainability Goal: Operational Excellence, Social Responsibility.

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

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

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

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

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

   Sustainability Goal: Operational Excellence.

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

4. **Continuous improvement of the Authority network infrastructure to ensure the uninterrupted delivery of telecommunications services by replacing older network equipment and upgrading the network infrastructure.**
    - **Complete upgrade of Authority network under CIP project # 104021**

   Sustainability Goal: Economic Viability, Operational Excellence.

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

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

   Sustainability Goal: Operational Excellence, Social Responsibility.

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

6. **Provide technical training for IT personnel to ensure that they have the appropriate skills to troubleshoot and maintain Authority server, network, and software systems without requiring excessive outside technical support. This will be accomplished by:**

    a. **Providing training for network personnel on latest equipment and software**

    b. **Ensuring server personnel receive training on server and desktop operating systems, and maintenance and operation of InfoShare, and Live Meeting**

    c. **Ensuring that software support personnel receive training on the variety of software systems they are responsible for maintaining**

    Sustainability Goal: Operational Excellence, Social Responsibility.

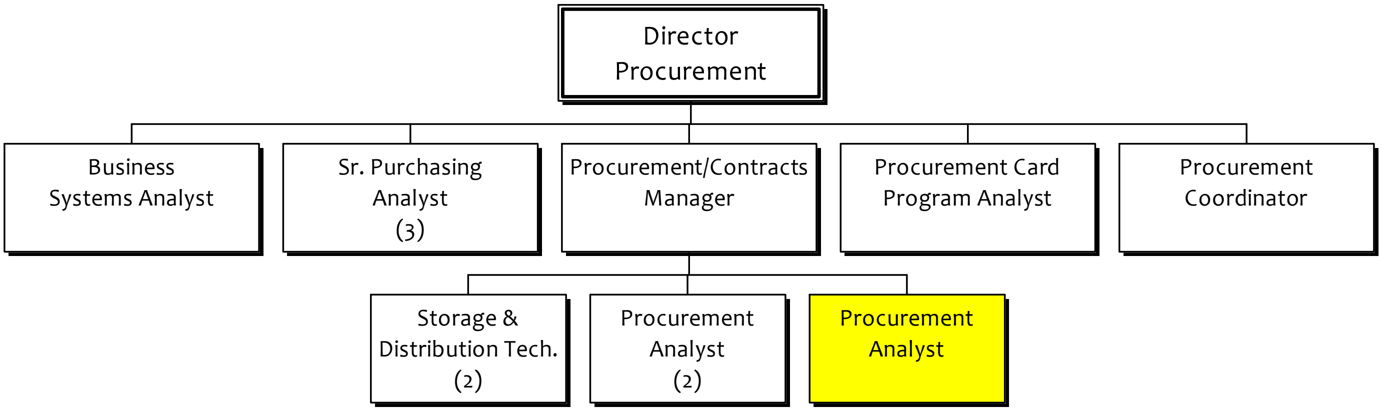
    Authority Strategy: Strategy #3: Operate our airport in a safe, secure, environmentally-sound, effective, and efficient manner. Strategy #4: Ensure the highest level of employee satisfaction.

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

    Sustainability Goal: Operational Excellence, Economic Viability.

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

Procurement
FY 2012 – FY 2013 Organizational Structure



** No personnel changes planned for FY 2013*

** Unfunded position shown in yellow*

Procurement
FY 2012 – FY 2013 Expense Budget Summary

	FY 2010 Actuals	FY 2011 Amended Budget	FY 2012 Conceptual Budget	FY 2012 Budget	Inc/(Dec) FY12 vs FY11 Amended	% Change	Inc/(Dec) FY12 vs FY12 Conceptual	% Change	FY 2013 Conceptual Budget	Inc/(Dec) FY13 Conceptual vs FY12	% Change
Operating Expenses:											
Personnel Expenses											
Salaries and Wages	$ 792,531	$ 793,602	$ 793,602	$ 778,458	$ (15,144)	-1.9%	$ (15,144)	-1.9%	$ 801,812	$ 23,354	3.0%
Premium Overtime	185	1,500	1,500	1,000	(500)	-33.3%	(500)	-33.3%	1,000	-	0.0%
Employee Benefits	343,086	399,506	464,167	389,574	(9,932)	-2.5%	(74,593)	-16.1%	419,309	29,735	7.6%
Subtotal	1,135,803	1,194,608	1,259,269	1,169,032	(25,576)	-2.1%	(90,237)	-7.2%	1,222,121	53,089	4.5%
Less: Capitalized Labor	-	-	-	-	-	0.0%	-	0.0%	-	-	0.0%
Total Personnel Expenses	**1,135,803**	**1,194,608**	**1,259,269**	**1,169,032**	**(25,576)**	**-2.1%**	**(90,237)**	**-7.2%**	**1,222,121**	**53,089**	**4.5%**
Non-Personnel Expenses											
Contractual Services	20,515	30,000	32,500	26,000	(4,000)	-13.3%	(6,500)	-20.0%	26,000	-	0.0%
Safety and Security	-	-	-	-	-	0.0%	-	0.0%	-	-	0.0%
Space Rental	-	-	-	-	-	0.0%	-	0.0%	-	-	0.0%
Utilities	-	-	-	-	-	0.0%	-	0.0%	-	-	0.0%
Maintenance	-	-	-	-	-	0.0%	-	0.0%	-	-	0.0%
Operating Equipment & Systems	1,041	3,500	3,500	3,500	-	0.0%	-	0.0%	3,500	-	0.0%
Operating Supplies	4,878	7,700	7,700	7,700	-	0.0%	-	0.0%	7,700	-	0.0%
Insurance	-	-	-	-	-	0.0%	-	0.0%	-	-	0.0%
Employee Programs	12,786	17,700	18,200	17,800	100	0.6%	(400)	-2.2%	17,800	-	0.0%
Business Development	3,661	10,800	11,300	8,150	(2,650)	-24.5%	(3,150)	-27.9%	9,700	1,550	19.0%
Equipment Rentals & Repairs	35,608	27,900	25,400	27,900	-	0.0%	2,500	9.8%	27,900	-	0.0%
Total Non-Personnel Expenses	**78,489**	**97,600**	**98,600**	**91,050**	**(6,550)**	**-6.7%**	**(7,550)**	**-7.7%**	**92,600**	**1,550**	**1.7%**
Total Operating Expenses	**1,214,292**	**1,292,208**	**1,357,869**	**1,260,082**	**(32,126)**	**-2.5%**	**(97,787)**	**-7.2%**	**1,314,721**	**54,639**	**4.3%**
Total Non-Operating Expenses	**-**	**-**	**-**	**-**	**-**	**0.0%**	**-**	**0.0%**	**-**	**-**	**0.0%**
Total Expenses	**1,214,292**	**1,292,208**	**1,357,869**	**1,260,082**	**(32,126)**	**-2.5%**	**(97,787)**	**-7.2%**	**1,314,721**	**54,639**	**4.3%**
Equipment Outlay	**-**	**-**	**-**	**-**	**-**	**0.0%**	**-**	**0.0%**	**-**	**-**	**0.0%**
Total Dept Expenses incl Equip Outlay	**$ 1,214,292**	**$ 1,292,208**	**$ 1,357,869**	**$ 1,260,082**	**$ (32,126)**	**-2.5%**	**$ (97,787)**	**-7.2%**	**$ 1,314,721**	**$ 54,639**	**4.3%**

Procurement

Major Drivers of FY 2012 – FY 2013 Budget Increase / (Decrease)

	Inc/(Dec) FY12 vs FY11 Amended	Inc/(Dec) FY12 vs FY12 Conceptual	Inc/(Dec) FY13 Conceptual vs FY12
FY 2011 Amended Budget / FY2012 Conceptual / FY 2012 Budget	**$ 1,292,208**	**$ 1,357,869**	**$ 1,260,082**
Personnel costs			
Burden (benefits & employer taxes) increase / (decrease) for current staff	(9,932)	(74,593)	29,735
Salary adjustments	(15,644)	(15,644)	23,354
Total Increase / (Decrease) in personnel costs	**(25,576)**	**(90,237)**	**53,089**
(Decrease) in use of outside professional consultants	(2,500)	(5,000)	-
Other, net	(4,050)	(2,550)	1,550
Total Increase / (Decrease) in non-personnel costs	**(6,550)**	**(7,550)**	**1,550**
Total Increase / (Decrease)	**(32,126)**	**(97,787)**	**54,639**
FY 2012 Budget / FY 2013 Conceptual Budget	**$ 1,260,082**	**$ 1,260,082**	**$ 1,314,721**

Procurement
Departmental Objectives

FY 2011 Progress Report

1. **Adopt a sustainable procurement process and increase the number of solicitations accepting electronic submissions to 10% in FY 2011.**

   Progress: As of January 31, 2011, 50% of the solicitations processed by the Procurement Department allowed for the acceptance of electronic submissions. Processes contributing towards our success include updating the solicitation instructions to encourage electronic submissions when practical and promoting electronic submissions to internal and external stakeholders through education. Electronic submissions not only reduce the Authority's carbon footprint, they also save the business community time and money.

   Sustainability Goal: Operational Excellence, Natural Resource Conservation.

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

   Fiscal Year: 2011. **Continue in 2012?** Yes

2. **Achieve an 8% overall cost savings through increased competition and negotiations in FY 2011.**

   Progress: The Procurement Department has achieved an average of 10% cost savings through competition and negotiations.

   Sustainability Goal: Economic Vitality

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

   Fiscal Year: 2011. **Continue in 2012?** Yes

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

   - **Development of a project specific outreach plan for 90% of the open and competitive solicitations issued through procurement in FY 2011.**
   - **Development of an Authority Contracting webpage and an electronic brochure in FY 2011 that provides accurate and consistent information encouraging businesses to participate in contracting opportunities with the Authority.**
   - **Document local and small business participation and contract awards achieved in FY 2011 through an open and competitive solicitation process to establish benchmarks for future outreach efforts.**

Progress: The Procurement Department has updated the Project Summary documentation to include a "project outreach plan" and "local and small business participation" for all solicitations. Benchmarks will be established at the end of the fiscal year based on contract awards made to Prime Contractors as a result of competitive solicitation. The Procurement Department has also updated the Vendor database so that vendors meeting the criteria established for local business or those certified as a small business through the Authority's finance and bonding program can be recorded.

Procurement has designed an Authority Contracting webpage that includes information on Vendor Registration, Current Solicitations, Business Categories, Safety and Security Requirements, Standard Contract Terms and Conditions, as well as links to related information geared towards businesses interested in various contract opportunities with the Authority. An electronic brochure is currently under review and should be added to the webpage before May.

Sustainability Goal: Social Responsibility.

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

Fiscal Year: 2011. **Continue in 2012?** Yes

Procurement

Departmental Objectives

FY 2012 – FY 2013 Objectives

1. **Maintain and promote a sustainable procurement process. Success equals:**

   - **35% of the solicitations processed in FY 2012 by the Procurement Department will allow for the acceptance of electronic submissions, which results in reducing the Authority's carbon footprint in addition to saving the business community time and money.**
   - **Identify and implement three waste reduction metrics for Procurement's contributions towards the Authority-wide waste reduction endeavor.**

   Sustainability Goal: Operational Excellence, Natural Resource Conservation.

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

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

   - **Development of a project-specific outreach plan for 90% of the open and competitive solicitations issued through procurement in FY 2012.**
   - **Document and benchmark small and local business participation achieved in FY 2012 through an open and competitive solicitation process.**
   - **Participate in two vendor outreach events and conduct one vendor training workshop.**

   Sustainability Goal: Operational Excellence, Social Responsibility.

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

3. **Achieve an 8% overall contract cost savings through increased competition and negotiations in FY 2012.**

   Sustainability Goal: Economic Vitality.

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

4. **Participate in ongoing professional education activities and benchmarked best practices for Procurement. Success equals:**

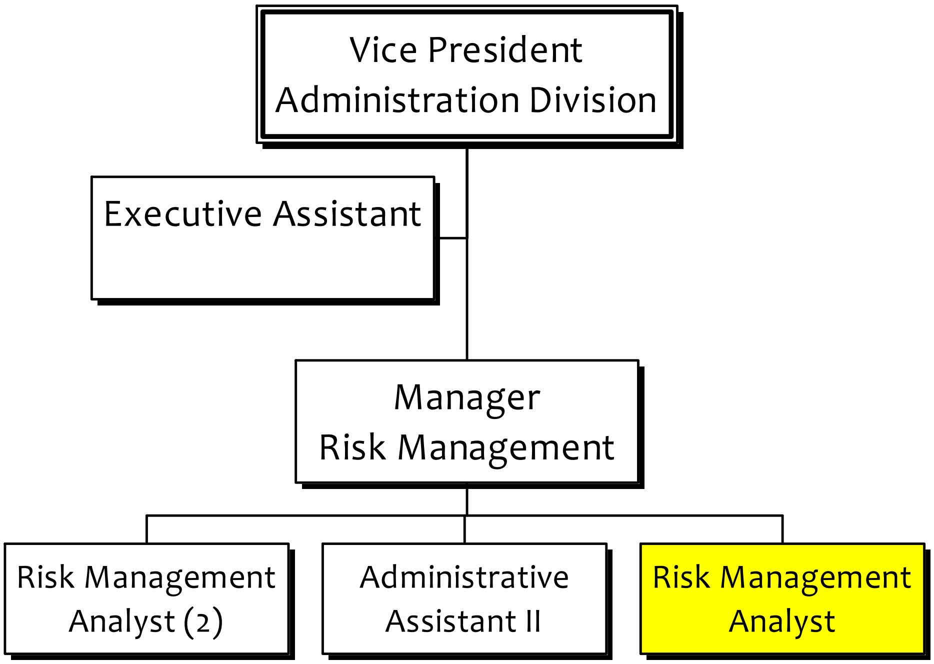
   - **Receive the Achievement of Excellence in Procurement Award for FY 2012.**
   - **80% of Procurement Staff and 100% of Procurement Analysts will receive a minimum of two Continued Educational Units and share the knowledge learned in FY 2012.**

   Sustainability Goal: Operational Excellence, Social Responsibility.

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

Risk Management

FY 2012 – FY 2013 Organizational Structure



** No personnel changes planned for FY 2013*

** Unfunded position shown in yellow*

Risk Management
FY 2012 – FY 2013 Expense Budget Summary

	FY 2010 Actuals	FY 2011 Amended Budget	FY 2012 Conceptual Budget	FY 2012 Budget	Inc/(Dec) FY12 vs FY11 Amended	% Change	Inc/(Dec) FY12 vs FY12 Conceptual	% Change	FY 2013 Conceptual Budget	Inc/(Dec) FY13 Conceptual vs FY12	% Change
Operating Expenses:											
Personnel Expenses											
Salaries and Wages	$ 573,802	$ 642,918	$ 642,918	$ 573,469	$ (69,449)	-10.8%	$ (69,449)	-10.8%	$ 590,486	$ 17,017	3.0%
Premium Overtime	77	759	759	759	-	0.0%	-	0.0%	759	-	0.0%
Employee Benefits	220,898	293,451	341,690	263,436	(30,016)	-10.2%	(78,254)	-22.9%	281,857	18,421	7.0%
Subtotal	794,777	937,129	985,367	837,662	(99,466)	-10.6%	(147,705)	-15.0%	873,100	35,438	4.2%
Less: Capitalized Labor	-	-	-	-	-	0.0%	-	0.0%	-	-	0.0%
Total Personnel Expenses	**794,777**	**937,129**	**985,367**	**837,662**	**(99,466)**	**-10.6%**	**(147,705)**	**-15.0%**	**873,100**	**35,438**	**4.2%**
Non-Personnel Expenses											
Contractual Services	371,114	559,400	570,588	652,250	92,850	16.6%	81,662	14.3%	652,250	-	0.0%
Safety and Security	-	-	-	-	-	0.0%	-	0.0%	-	-	0.0%
Space Rental	-	-	-	-	-	0.0%	-	0.0%	-	-	0.0%
Utilities	-	-	-	-	-	0.0%	-	0.0%	-	-	0.0%
Maintenance	-	-	-	-	-	0.0%	-	0.0%	-	-	0.0%
Operating Equipment & Systems	65	-	-	-	-	0.0%	-	0.0%	-	-	0.0%
Operating Supplies	3,333	20,100	20,402	20,100	-	0.0%	(302)	-1.5%	20,100	-	0.0%
Insurance	1,165,911	1,222,750	1,211,560	1,020,000	(202,750)	-16.6%	(191,560)	-15.8%	1,020,000	-	0.0%
Employee Programs	31,624	34,063	36,528	35,100	1,037	3.0%	(1,428)	-3.9%	35,100	-	0.0%
Business Development	11,542	15,200	19,608	13,500	(1,700)	-11.2%	(6,108)	-31.2%	13,500	-	0.0%
Equipment Rentals & Repairs	-	-	-	-	-	0.0%	-	0.0%	-	-	0.0%
Total Non-Personnel Expenses	**1,583,590**	**1,851,513**	**1,858,686**	**1,740,950**	**(110,563)**	**-6.0%**	**(117,736)**	**-6.3%**	**1,740,950**	**-**	**0.0%**
Total Operating Expenses	**2,378,366**	**2,788,642**	**2,844,053**	**2,578,613**	**(210,028)**	**-7.5%**	**(265,440)**	**-9.3%**	**2,614,051**	**35,438**	**1.4%**
Total Non-Operating Expenses	**-**	**-**	**-**	**-**	**-**	**0.0%**	**-**	**0.0%**	**-**	**-**	**0.0%**
Total Expenses	**2,378,366**	**2,788,642**	**2,844,053**	**2,578,613**	**(210,028)**	**-7.5%**	**(265,440)**	**-9.3%**	**2,614,051**	**35,438**	**1.4%**
Equipment Outlay	**-**	**-**	**-**	**-**	**-**	**0.0%**	**-**	**0.0%**	**-**	**-**	**0.0%**
Total Dept Expenses incl Equip Outlay	**$ 2,378,366**	**$ 2,788,642**	**$ 2,844,053**	**$ 2,578,613**	**$ (210,028)**	**-7.5%**	**$ (265,440)**	**-9.3%**	**$ 2,614,051**	**$ 35,438**	**1.4%**

Risk Management
Major Drivers of FY 2012 – FY 2013 Budget Increase / (Decrease)

	Inc/(Dec) FY12 vs FY11 Amended	Inc/(Dec) FY12 vs FY12 Conceptual	Inc/(Dec) FY13 Conceptual vs FY12
FY 2011 Amended Budget / FY2012 Conceptual / FY 2012 Budget	**$ 2,788,642**	**$ 2,844,053**	**$ 2,578,613**
Personnel costs			
Burden (benefits & employer taxes) increase / (decrease) for current staff	5,206	(43,032)	18,421
Salary adjustments	6,533	6,532	17,017
Unfunded position - Risk Management Analyst	(111,203)	(111,203)	-
Total Increase / (Decrease) in personnel costs	**(99,465)**	**(147,704)**	**35,438**
Increase in use of outside professional consultants	92,750	81,750	-
(Decrease) in insurance costs	(202,750)	(191,560)	-
Other, net	(564)	(7,926)	-
Total (Decrease) in non-personnel costs	**(110,564)**	**(117,736)**	**-**
Total Increase / (Decrease)	**(210,029)**	**(265,440)**	**35,438**
FY 2012 Budget / FY 2013 Conceptual Budget	**$ 2,578,613**	**$ 2,578,613**	**$ 2,614,051**

Risk Management
Departmental Objectives

FY 2011 Progress Report

1. **Protect the assets of the organization using insured and self-insured techniques for 100% of the probable maximum loss for FY 2011.**

   Progress: Adequate insurance coverage has been placed and self-insured techniques are being maintained to protect organization assets.

   Sustainability Goal: Operational Excellence.

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

   Fiscal Year: 2011. **Continue in 2012?** Yes

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

   Progress: Contract risk analysis to identify exposures and establish that insurance requirements are performed less than five working days after receipt of complete submissions.

   Sustainability Goal: Operational Excellence.

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

   Fiscal Year: 2011. **Continue in 2012?** Yes

3. **Implement a driver training program for 100% of the Authority employees that drive as part of their employment duties, complete skills assessments by December 31, 2010 ,and required training by June 30, 2011.**

   Progress: This project is well under way with the completion of a Vehicle Policy Manual and identification of a vendor to provide the driving skills assessment and training modules. Meetings will be scheduled to secure buy-in from internal stakeholders and the program will be implemented.

   Sustainability Goal: Operational Excellence.

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

   Fiscal Year: 2011. **Continue in 2012?** Yes

Risk Management
Departmental Objectives

FY 2012 – FY 2013 Objectives

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

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

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

2. **Provide contract risk analysis and establish insurance requirements on Requests for Proposals/Qualifications (RFP/RFQ) and all Authority Agreements within five working days of receipt of complete submissions.**

   Sustainability Goal: Economic Viability, Operational Excellence.

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

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

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

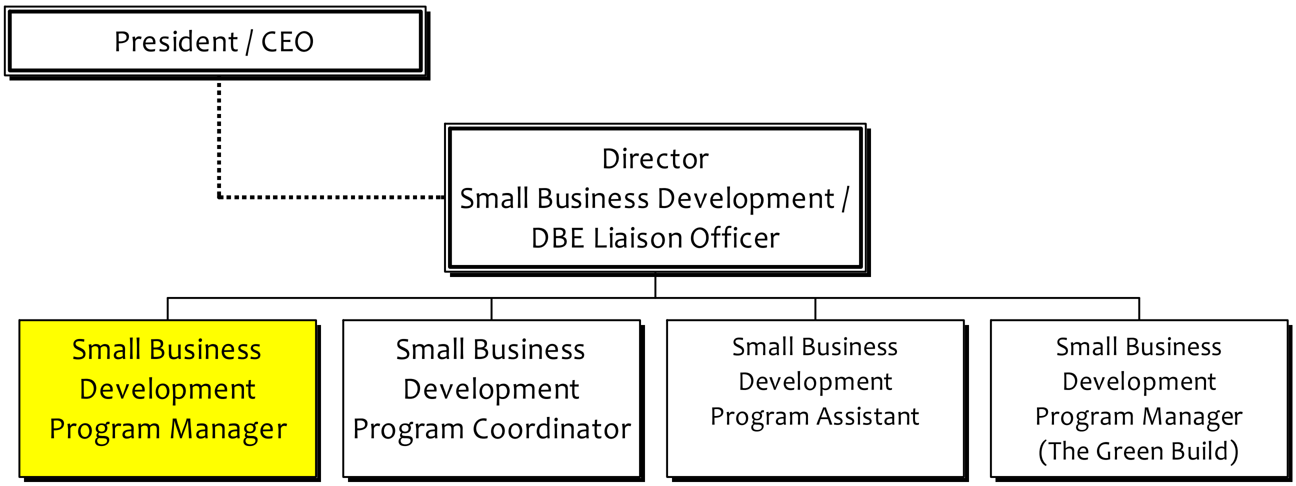
   Authority Strategy: Strategy #1: Enhance the financial position of the Authority. Strategy #2: Achieve the highest level of internal and external customer satisfaction. Strategy #5: Be a trusted and highly responsive regional agency.

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

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

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

Small Business Development
FY 2012 – FY 2013 Organizational Structure



** No personnel changes planned for FY 2013*
** Unfunded position shown in yellow*

Small Business Development

FY 2012 – FY 2013 Expense Budget Summary

	FY 2010 Actuals	FY 2011 Amended Budget	FY 2012 Conceptual Budget	FY 2012 Budget	Inc/(Dec) FY12 vs FY11 Amended	% Change	Inc/(Dec) FY12 vs FY12 Conceptual	% Change	FY 2013 Conceptual Budget	Inc/(Dec) FY13 Conceptual vs FY12	% Change
Operating Expenses:											
Personnel Expenses											
Salaries and Wages	$ 394,297	$ 423,087	$ 423,087	$ 305,911	$ (117,176)	-27.7%	$ (117,176)	-27.7%	$ 314,908	$ 8,997	2.9%
Premium Overtime	60	-	-	-	-	0.0%	-	0.0%	-	-	0.0%
Employee Benefits	148,013	203,919	231,754	142,672	(61,247)	-30.0%	(89,082)	-38.4%	152,817	10,145	7.1%
Subtotal	542,371	627,006	654,841	448,583	(178,423)	-28.5%	(206,258)	-31.5%	467,725	19,143	4.3%
Less: Capitalized Labor	*(53,035)*	*(173,879)*	*(173,879)*	*(113,719)*	60,160	-34.6%	60,160	-34.6%	*(117,479)*	(3,760)	3.3%
Total Personnel Expenses	**489,336**	**453,127**	**480,962**	**334,864**	**(118,263)**	**-26.1%**	**(146,098)**	**-30.4%**	**350,246**	**15,383**	**4.6%**
Non-Personnel Expenses											
Contractual Services	37,168	65,150	57,950	66,650	1,500	2.3%	8,700	15.0%	70,650	4,000	6.0%
Safety and Security	-	-	-	-	-	0.0%	-	0.0%	-	-	0.0%
Space Rental	-	-	-	-	-	0.0%	-	0.0%	-	-	0.0%
Utilities	-	500	300	300	(200)	-40.0%	-	0.0%	300	-	0.0%
Maintenance	-	-	-	-	-	0.0%	-	0.0%	-	-	0.0%
Operating Equipment & Systems	10,848	12,000	12,000	-	(12,000)	-100.0%	(12,000)	-100.0%	-	-	0.0%
Operating Supplies	2,923	5,150	5,100	2,650	(2,500)	-48.5%	(2,450)	-48.0%	4,150	1,500	56.6%
Insurance	-	-	-	-	-	0.0%	-	0.0%	-	-	0.0%
Employee Programs	16,660	15,000	15,500	14,700	(300)	-2.0%	(800)	-5.2%	14,600	(100)	-0.7%
Business Development	48,838	60,900	172,300	162,700	101,800	167.2%	(9,600)	-5.6%	298,100	135,400	83.2%
Equipment Rentals & Repairs	-	-	-	12,000	12,000	0.0%	12,000	0.0%	12,000	-	0.0%
Total Non-Personnel Expenses	**116,439**	**158,700**	**263,150**	**259,000**	**100,300**	**63.2%**	**(4,150)**	**-1.6%**	**399,800**	**140,800**	**54.4%**
Total Operating Expenses	**605,774**	**611,827**	**744,112**	**593,864**	**(17,963)**	**-2.9%**	**(150,248)**	**-20.2%**	**750,046**	**156,183**	**26.3%**
Total Non-Operating Expenses	**-**	**-**	**-**	**-**	**-**	**0.0%**	**-**	**0.0%**	**-**	**-**	**0.0%**
Total Expenses	**605,774**	**611,827**	**744,112**	**593,864**	**(17,963)**	**-2.9%**	**(150,248)**	**-20.2%**	**750,046**	**156,183**	**26.3%**
Equipment Outlay	**12,500**	**-**	**-**	**-**	**-**	**0.0%**	**-**	**0.0%**	**-**	**-**	**0.0%**
Total Dept Expenses incl Equip Outlay	**$ 618,274**	**$ 611,827**	**$ 744,112**	**$ 593,864**	**$ (17,963)**	**-2.9%**	**$ (150,248)**	**-20.2%**	**$ 750,046**	**$ 156,183**	**26.3%**

Small Business Development
Major Drivers of FY 2012 – FY 2013 Budget Increase / (Decrease)

	Inc/(Dec) FY12 vs FY11 Amended	Inc/(Dec) FY12 vs FY12 Conceptual	Inc/(Dec) FY13 Conceptual vs FY12
FY 2011 Amended Budget / FY 2012 Conceptual / FY 2012 Budget	**$ 611,827**	**$ 744,112**	**$ 593,864**
Personnel costs			
Change in capitalized labor	60,160	60,160	(3,760)
Salary adjustments	(2,705)	(2,705)	8,997
Burden (benefits & employer taxes) increase / (decrease) for current staff	(7,193)	(35,029)	10,145
Elimination of position - Administrative Assistant I	(60,420)	(60,420)	-
Unfunded position - Small Business Development Program Manager	(108,105)	(108,105)	-
Total Increase / (Decrease) in personnel costs	**(118,263)**	**(146,098)**	**15,383**
Increase / (Decrease) in promotional activities and materials	107,000	(5,000)	134,000
Other, net	(6,700)	850	6,800
Total Increase / (Decrease) in non-personnel costs	**100,300**	**(4,150)**	**140,800**
Total Increase / (Decrease)	**(17,963)**	**(150,248)**	**156,183**
FY 2012 Budget / FY 2013 Conceptual Budget	**$ 593,864**	**$ 593,864**	**$ 750,046**

Small Business Development
Departmental Objectives

FY 2011 Progress Report

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

   Progress: The Authority has implemented programs to address bonding issues and fostering relationships with prime contractors that were two of the top five barriers for small business participation in public works projects.

   Sustainability Goal: Operational Excellence, Social Responsibility.

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

   Fiscal Year: 2011. **Continue in 2012?** Yes.

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

   Progress: Small Business Development exceeded the outreach target for construction and concession opportunities by conducting and participating in over 12 regional and national events. Along with general outreach, the events included targeted efforts towards concessions and The Green Build.

   Sustainability Goal: Operational Excellence, Social Responsibility.

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

   Fiscal Year: 2011. **Continue in 2012?** Yes.

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

   Progress: The Authority exceeded this goal by conducting over 12 workshops focused on working at the airport. There were two construction management program courses that included 28 three-hour sessions. Authority staff also provided support to the Small Business Administration's SCORE Program and community based workshops. In addition, there were five workshops focused on airport concessions. Total attendance for these workshops exceeded 350 participants. These courses were held on both airport property as well as regional locations.

   Sustainability Goal: Operational Excellence, Social Responsibility.

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

   Fiscal Year: 2011. **Continue in 2012?** Yes.

Small Business Development
Departmental Objectives

FY 2012 – FY 2013 Objectives

1. **Continue active implementation of remedies to address bonding issues and fostering relationships with prime contractors, which were two barriers to small business participation in SDCRAA contracts by June 30, 2012.**

   Sustainability Goal: Social Responsibility.

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

2. **Continue to enhance local awareness of Authority contracting opportunities by hosting at least twelve (12) business opportunity outreach events and education programs targeting small businesses in order to maximize opportunity awareness efforts by June 30, 2012.**

   Sustainability Goal: Social Responsibility.

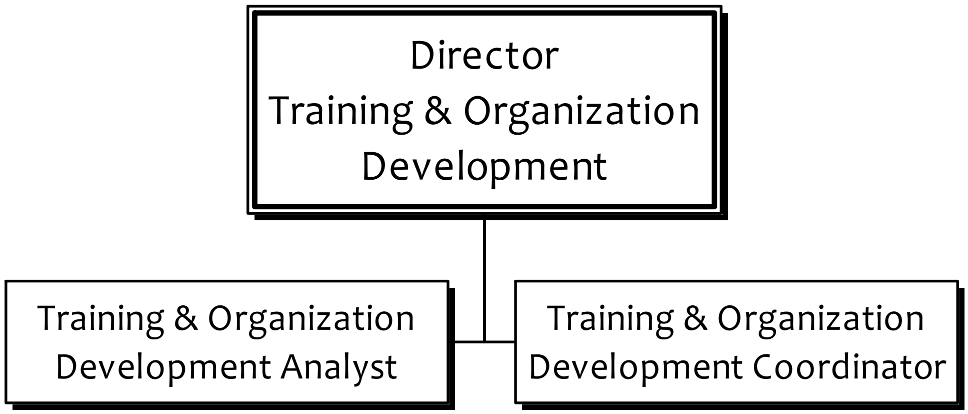
   Authority Strategy: Strategy #5: Be a trusted and highly responsive regional agency.

3. **Oversee the planning, marketing, and implementation of the 29th Annual Airport Business Diversity Conference with over 1,000 attendees in June 2013.**

   Sustainability Goal: Social Responsibility.

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

Training & Organization Development
FY 2012 – FY 2013 Organizational Structure



** No personnel changes planned for FY 2013*

Training & Organization Development
FY 2012 – FY 2013 Expense Budget Summary

	FY 2010 Actuals	FY 2011 Amended Budget	FY 2012 Conceptual Budget	FY 2012 Budget	Inc/(Dec) FY12 vs FY11 Amended	% Change	Inc/(Dec) FY12 vs FY12 Conceptual	% Change	FY 2013 Conceptual Budget	Inc/(Dec) FY13 Conceptual vs FY12	% Change
Operating Expenses:											
Personnel Expenses											
Salaries and Wages	$ 241,994	$ 247,104	$ 247,104	$ 256,416	$ 9,312	3.8%	$ 9,312	3.8%	$ 263,955	$ 7,539	2.9%
Premium Overtime	58	500	500	500	-	0.0%	-	0.0%	500	-	0.0%
Employee Benefits	91,870	105,507	126,264	111,878	6,371	6.0%	(14,386)	-11.4%	120,757	8,879	7.9%
Subtotal	333,922	353,111	373,868	368,794	15,683	4.4%	(5,074)	-1.4%	385,212	16,418	4.5%
Less: Capitalized Labor	-	-	-	-	-	0.0%	-	0.0%	-	-	0.0%
Total Personnel Expenses	**333,922**	**353,111**	**373,868**	**368,794**	**15,683**	**4.4%**	**(5,074)**	**-1.4%**	**385,212**	**16,418**	**4.5%**
Non-Personnel Expenses											
Contractual Services	35,432	105,000	119,000	83,000	(22,000)	-21.0%	(36,000)	-30.3%	100,000	17,000	20.5%
Safety and Security	-	-	-	-	-	0.0%	-	0.0%	-	-	0.0%
Space Rental	-	-	-	-	-	0.0%	-	0.0%	-	-	0.0%
Utilities	-	-	-	-	-	0.0%	-	0.0%	-	-	0.0%
Maintenance	-	-	-	-	-	0.0%	-	0.0%	-	-	0.0%
Operating Equipment & Systems	9,925	800	300	500	(300)	-37.5%	200	66.7%	500	-	0.0%
Operating Supplies	3,321	4,000	4,000	3,000	(1,000)	-25.0%	(1,000)	-25.0%	3,000	-	0.0%
Insurance	-	-	-	-	-	0.0%	-	0.0%	-	-	0.0%
Employee Programs	77,462	90,300	78,300	71,300	(19,000)	-21.0%	(7,000)	-8.9%	71,300	-	0.0%
Business Development	5,765	4,500	4,500	4,000	(500)	-11.1%	(500)	-11.1%	4,250	250	6.3%
Equipment Rentals & Repairs	14,050	10,200	10,200	9,900	(300)	-2.9%	(300)	-2.9%	9,900	-	0.0%
Total Non-Personnel Expenses	**145,955**	**214,800**	**216,300**	**171,700**	**(43,100)**	**-20.1%**	**(44,600)**	**-20.6%**	**188,950**	**17,250**	**10.0%**
Total Operating Expenses	**479,877**	**567,911**	**590,168**	**540,494**	**(27,417)**	**-4.8%**	**(49,674)**	**-8.4%**	**574,162**	**33,668**	**6.2%**
Total Non-Operating Expenses	**-**	**-**	**-**	**-**	**-**	**0.0%**	**-**	**0.0%**	**-**	**-**	**0.0%**
Total Expenses	**479,877**	**567,911**	**590,168**	**540,494**	**(27,417)**	**-4.8%**	**(49,674)**	**-8.4%**	**574,162**	**33,668**	**6.2%**
Equipment Outlay	**-**	**-**	**-**	**-**	**-**	**0.0%**	**-**	**0.0%**	**-**	**-**	**0.0%**
Total Dept Expenses incl Equip Outlay	**$ 479,877**	**$ 567,911**	**$ 590,168**	**$ 540,494**	**$ (27,417)**	**-4.8%**	**$ (49,674)**	**-8.4%**	**$ 574,162**	**$ 33,668**	**6.2%**

Training & Organizational Development

Major Drivers of FY 2012 – FY 2013 Budget Increase / (Decrease)

	Inc/(Dec) FY12 vs FY11 Amended	Inc/(Dec) FY12 vs FY12 Conceptual	Inc/(Dec) FY13 Conceptual vs FY12
FY 2011 Amended Budget / FY 2012 Conceptual / FY 2012 Budget	**$ 567,911**	**$ 590,168**	**$ 540,494**
Personnel costs			
Salary adjustments	9,312	9,312	7,539
Burden (benefits & employer taxes) increase / (decrease) for current staff	6,371	(14,386)	8,879
Total Increase / (Decrease) in personnel costs	**15,683**	**(5,074)**	**16,418**
Increase / (Decrease) in travel for employee development	(6,000)	3,000	-
(Decrease) in seminars and training costs	(13,000)	(10,000)	-
Increase / (Decrease) in services other professional (employee opinion survey)	(20,000)	(39,000)	20,000
Other, net	(4,100)	1,400	(2,750)
Total Increase / (Decrease) in non-personnel costs	**(43,100)**	**(44,600)**	**17,250**
Total Increase / (Decrease)	**(27,417)**	**(49,674)**	**33,668**
FY 2012 Budget / FY 2013 Conceptual Budget	**$ 540,494**	**$ 540,494**	**$ 574,162**

Training & Organizational Development

Departmental Objectives

FY 2011 Progress Report

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

   Progress: Two learning labs are up and running. 6 modules/classes of World Class tune up (mandatory Authority training) available on line.

   Sustainability Goal: Social Responsibility.

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

   Fiscal Year: 2011. **Continue in 2012?** Yes.

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

   Progress: The survey was conducted in January 2011 with a 91% response rate.

   Sustainability Goal: Social Responsibility.

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

   Fiscal Year: 2011. **Continue in 2012?** No.

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

   Progress: Training class has been drafted. Meeting with concessionaires has been held.

   Sustainability Goal: Operational Excellence.

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

   Fiscal Year: 2011. **Continue in 2012?** Yes.

Training & Organizational Development
Departmental Objectives

FY 2012 – FY 2013 Objectives

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

   Sustainability Goal: Operational Excellence, Social Responsibility.

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

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

   Sustainability Goal: Operational Excellence.

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

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

   Sustainability Goal: Operational Excellence, Social Responsibility.

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

Development Division

Development Division
Overview

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

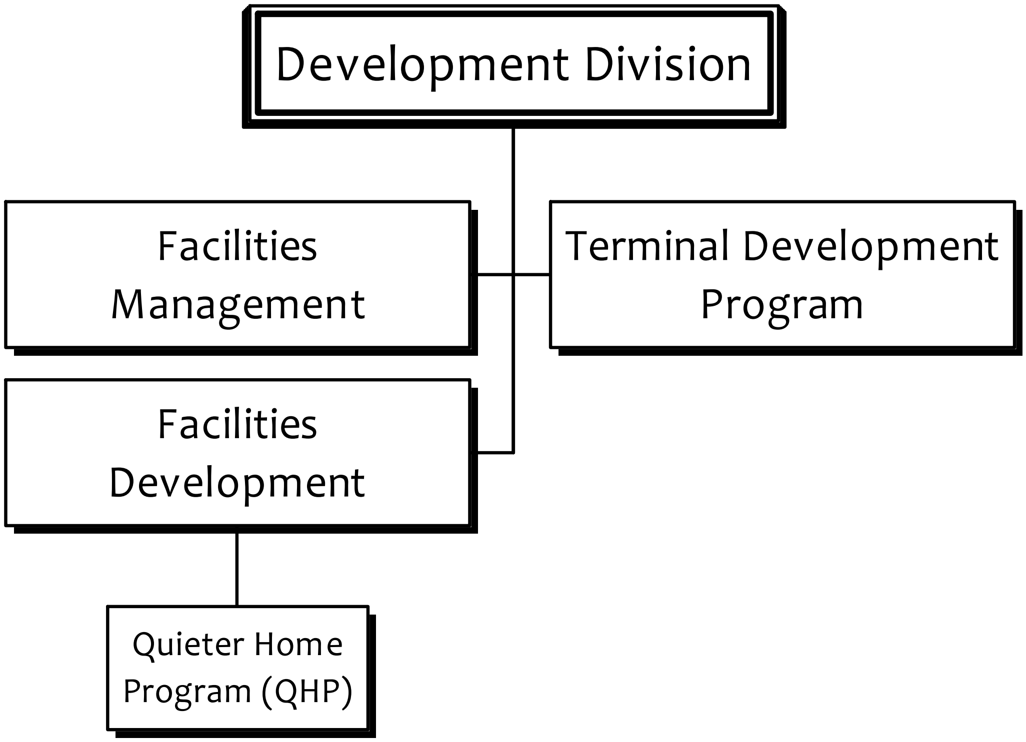
The **Facilities Development Department** executes the Airport's Capital Improvement Program (CIP) and major maintenance projects. It is also responsible for implementing noise attenuation improvements to qualified residential homes adjacent to the Airport under the Authority's **Quieter Home Program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

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

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

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

Development Division
Organizational Structure



Personnel Summary

	FY 2010 Authorized & Funded Positions	FY 2011 Authorized & Funded Positions	FY 2012 Transfers	FY 2012 New/ (Eliminated) Positions	FY 2012 (Frozen)/ Unfrozen Positions	FY2012 Authorized & Funded Positions	FY 2013 New/ (Eliminated) Positions	FY 2013 (Frozen)/ Unfrozen Positions	FY2013 Authorized & Funded Positions
Development									
Facilities Management	66	67	1	-	2	70	1	5	76
Terminal Development Program	12	12	1	(1)	-	12	-	-	12
Facilities Development	29	29	-	-	1	30	-	-	30
Quieter Home Program	10	10	(3) [1]	-	-	7	-	-	7
Total	**117**	**118**	**(1)**	**(1)**	**3**	**119**	**1**	**5**	**125**
Authorized and Unfunded Positions	14	12	-	-	-	9	-	-	4
Total Authorized Positions	**131**	**130**	**(1)**	**(1)**	**-**	**128**	**1**	**-**	**129**

[1] Project Architect transferred in FY11 from Facilities Development Department to Terminal Development Program
Capital Projects Assistant transferred in FY11 from Quieter Home Progroam to Terminal Development Program
Sr. Administration Assistant transferred in FY11 from Terminal Development Program to Real Estate Management
Associate Engineer transferred in FY11 from Quieter Home Progroam to Facilities Development Department
Sr. Maintenance Inspector transferred in FY11 from Terminal Development Program to Facilities Management Department
Construction Manager transferred in FY11 from Quieter Home Progroam to Terminal Development Program

Development Division

FY 2012 – FY 2013 Expense Budget Summary

	FY 2010 Actuals	FY 2011 Amended Budget	FY 2012 Conceptual Budget	FY 2012 Budget	Inc/(Dec) FY12 vs FY11 Amended	% Change	Inc/(Dec) FY12 vs FY12 Conceptual	% Change	FY 2013 Conceptual Budget	Inc/(Dec) FY13 Conceptual vs FY12	% Change
Operating Expenses:											
Personnel Expenses											
Salaries and Wages	$ 7,813,454	$ 8,438,476	$ 8,529,658	$ 8,462,750	$ 24,274	0.3%	$ (66,908)	-0.8%	$ 8,902,400	$ 439,650	5.2%
Premium Overtime	660,567	520,737	521,579	415,000	(105,737)	-20.3%	(106,579)	-20.4%	465,000	50,000	12.0%
Employee Benefits	3,216,238	4,190,645	4,761,906	4,273,075	82,430	2.0%	(488,831)	-10.3%	4,732,833	459,758	10.8%
Subtotal	11,690,259	13,149,859	13,813,143	13,150,825	967	0.0%	(662,318)	-4.8%	14,100,233	949,407	7.2%
Less: Capitalized Labor	*(3,856,583)*	*(4,866,447)*	*(5,030,819)*	*(4,908,161)*	*(41,715)*	*0.9%*	*122,658*	*-2.4%*	*(5,108,632)*	*(200,471)*	*4.1%*
Less: QHP - Labor/Burden/Labor Overhead	*(1,020,163)*	*(1,054,231)*	*(1,112,047)*	*(718,409)*	*335,822*	*-31.9%*	*393,638*	*-35.4%*	*(757,809)*	*(39,400)*	*5.5%*
Total Personnel Expenses	**6,813,512**	**7,229,180**	**7,670,276**	**7,524,254**	**295,074**	**4.1%**	**(146,023)**	**-1.9%**	**8,233,791**	**709,538**	**9.4%**
Non-Personnel Expenses											
Contractual Services	1,438,677	1,596,271	1,611,962	1,107,576	(488,695)	-30.6%	(504,386)	-31.3%	1,021,178	(86,399)	-7.8%
Safety and Security	-	-	-	-	-	0.0%	-	0.0%	-	-	0.0%
Space Rental	-	-	-	-	-	0.0%	-	0.0%	-	-	0.0%
Utilities	6,441,425	6,560,000	6,750,000	6,265,000	(295,000)	-4.5%	(485,000)	-7.2%	7,235,000	970,000	15.5%
Maintenance	7,678,632	6,542,100	6,642,100	6,383,100	(159,000)	-2.4%	(259,000)	-3.9%	6,663,100	280,000	4.4%
Operating Equipment & Systems	25,669	20,594	24,594	22,729	2,135	10.4%	(1,865)	-7.6%	20,845	(1,883)	-8.3%
Operating Supplies	86,365	61,139	63,039	61,618	479	0.8%	(1,421)	-2.3%	67,917	6,299	10.2%
Insurance	298	-	-	-	-	0.0%	-	0.0%	-	-	0.0%
Employee Programs	79,446	123,456	135,527	94,374	(29,082)	-23.6%	(41,153)	-30.4%	98,543	4,169	4.4%
Business Development	38,965	60,279	64,433	52,466	(7,813)	-13.0%	(11,967)	-18.6%	56,966	4,500	8.6%
Equipment Rentals & Repairs	32,705	69,501	69,501	57,758	(11,743)	-16.9%	(11,743)	-16.9%	58,083	325	0.6%
Total Non-Personnel Expenses	**15,822,184**	**15,033,341**	**15,361,156**	**14,044,621**	**(988,720)**	**-6.6%**	**(1,316,534)**	**-8.6%**	**15,221,631**	**1,177,010**	**8.4%**
Total Operating Expenses	**22,635,696**	**22,262,521**	**23,031,432**	**21,568,876**	**(693,645)**	**-3.1%**	**(1,462,556)**	**-6.4%**	**23,455,423**	**1,886,547**	**8.7%**
Non-Operating Expenses:											
Joint Studies/Sound Attenuation	20,871,887	18,375,000	15,375,000	15,264,946	(3,110,054)	-16.9%	(110,054)	-0.7%	15,264,946	-	0.0%
Total Non-Operating Expenses	**20,871,887**	**18,375,000**	**15,375,000**	**15,264,946**	**(3,110,054)**	**-16.9%**	**(110,054)**	**-0.7%**	**15,264,946**	**-**	**0.0%**
Total Expenses	**43,507,583**	**40,637,521**	**38,406,431**	**36,833,822**	**(3,803,699)**	**-9.4%**	**(1,572,610)**	**-4.1%**	**38,720,369**	**1,886,547**	**5.1%**
Equipment Outlay	**75,020**	**120,000**	**140,000**	**120,000**	**-**	**0.0%**	**(20,000)**	**-14.3%**	**120,000**	**-**	**0.0%**
Total Division Expenses incl Equip Outlay	**$ 43,582,603**	**$ 40,757,521**	**$ 38,546,431**	**$ 36,953,822**	**$ (3,803,699)**	**-9.3%**	**$ (1,592,610)**	**-4.1%**	**$ 38,840,369**	**$ 1,886,547**	**5.1%**

Development Division
Major Drivers of FY 2012 Budget Increase / (Decrease)

	Inc/(Dec) FY12 vs FY11 Amended	Inc/(Dec) FY12 vs FY12 Conceptual
FY 2011 Amended Budget / FY 2012 Conceptual	**$ 40,757,521**	**$ 38,546,431**
Personnel costs		
Previously unfunded and new positions salary and burden increases	315,483	315,483
Change in capitalized labor costs	294,107	516,296
Burden (benefits & employer taxes) increase/(decrease) for current staff	80,244	(491,017)
Salary adjustments	(157,234)	(249,256)
Transferred and eliminated positions	(236,070)	(236,070)
Total Increase / (Decrease) in personnel costs	**296,531**	**(144,564)**
(Decrease) in major maintenance project costs	-	(100,000)
(Decrease) in annual repair and service contracts	(250,000)	(250,000)
(Decrease) in Facilities Development consultant costs	(250,695)	(266,386)
(Decrease) in utilities	(295,000)	(485,000)
(Decrease) in Quieter Home Program project costs	(3,010,054)	(10,054)
Other, net	(294,482)	(336,606)
Total (Decrease) in non-personnel costs	**(4,100,230)**	**(1,448,046)**
Total (Decrease)	**(3,803,700)**	**(1,592,610)**
FY 2012 Budget	**$ 36,953,822**	**$ 36,953,822**

Development Division

Major Drivers of FY 2013 Conceptual Budget Increase / (Decrease)

		Inc/(Dec) FY13 Conceptual vs FY12
FY 2012 Budget	**$**	**36,953,821**
Personnel costs		
Burden (benefits & employer taxes) increase for current staff		332,479
Salary adjustments		326,950
Previously unfunded and new positions salary and burden increases		289,979
Change in capitalized labor costs		(239,870)
Total Increase in personnel costs		**709,537**
Increase in utilities		970,000
Increase in annual repair and service contracts		236,500
(Decrease) in Facilities Development consultant costs		(111,399)
Other, net		81,910
Total Increase in non-personnel costs		**1,177,011**
Total Increase		**1,886,548**
FY 2013 Conceptual Budget	**$**	**38,840,369**

Development Division
FY 2012 – FY 2013 Expense Budget by Department

Department		FY 2012 Budget
Facilities Management	$	19,308,680
Quieter Home Program		15,000,000
Facilities Development		2,597,034
Terminal Development		48,107
Total	**$**	**36,953,822**

** Departmental totals may differ due to rounding*

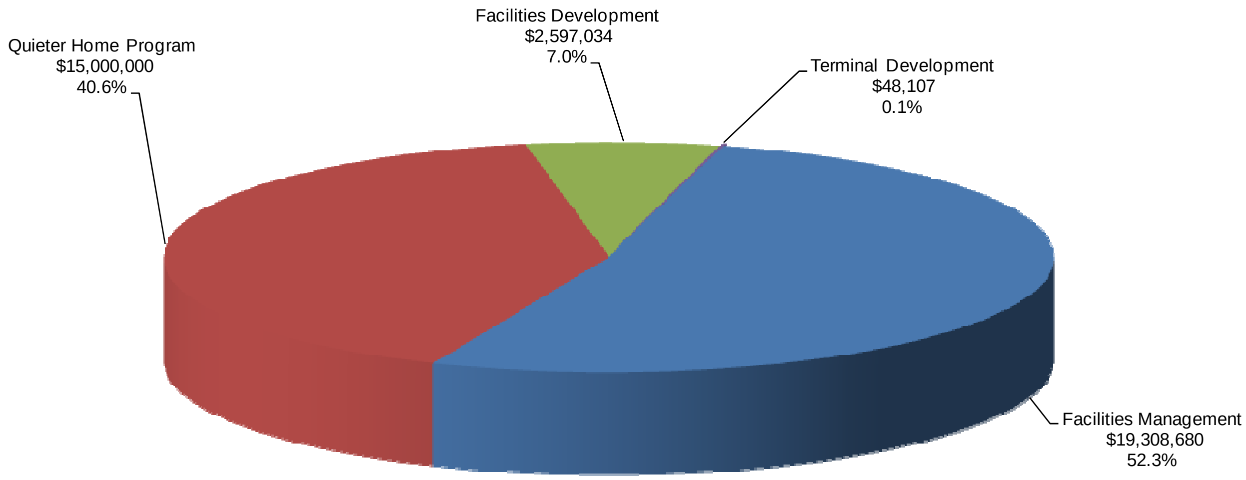


Figure 30 – FY 2012 Expense Budget by Department

Development Division
FY 2012 – FY 2013 Expense Budget by Department (cont.)

Department	FY 2013 Conceptual Budget	
Facilities Management	$	21,227,862
Quieter Home Program		15,000,000
Facilities Development		2,564,400
Terminal Development		48,107
Total	**$**	**38,840,369**

** Departmental totals may differ due to rounding*

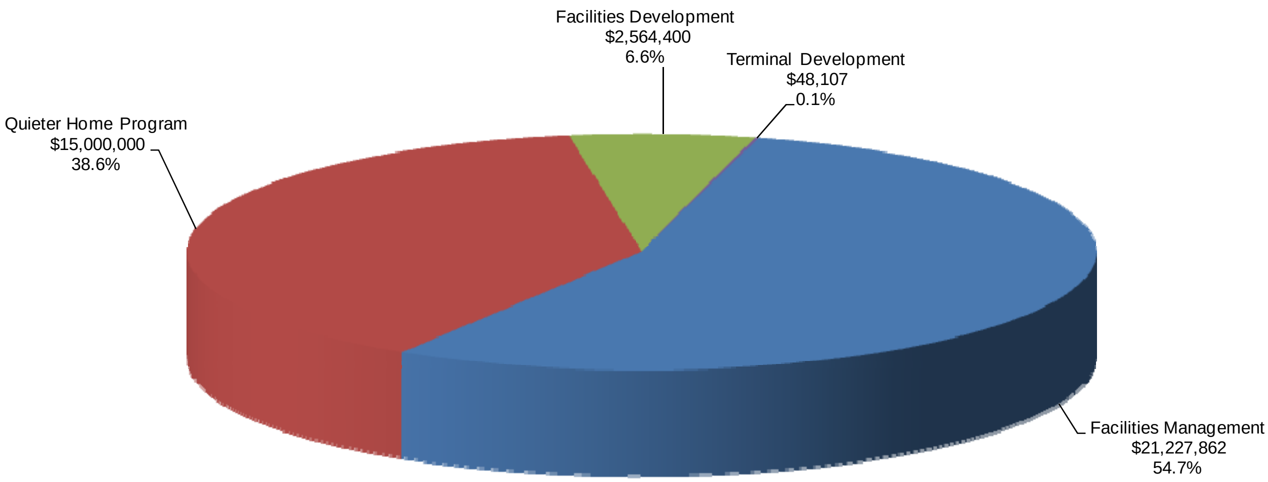


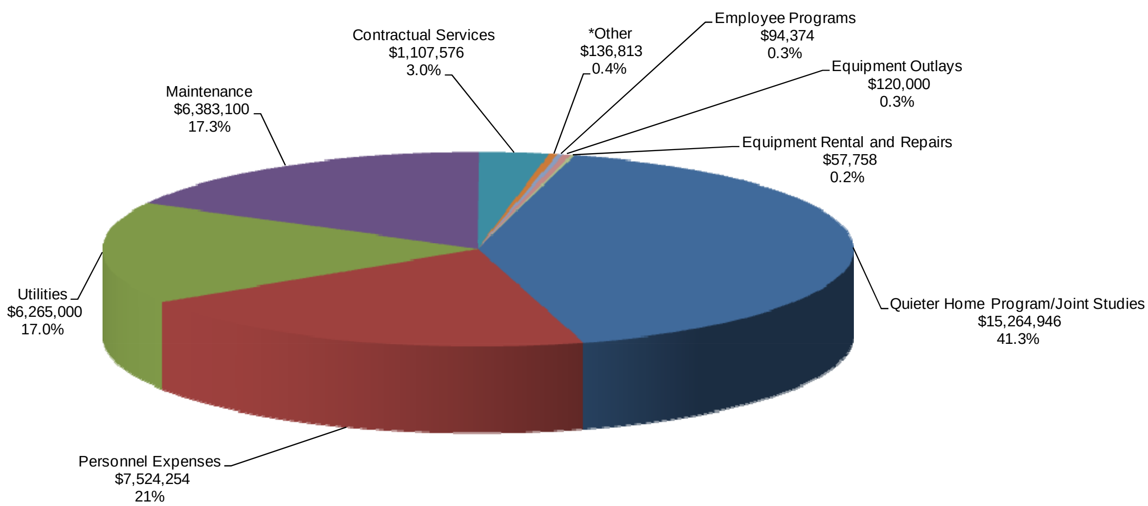
Figure 31 – FY 2013 Expense Budget by Department

Development Division

FY 2012 – FY 2013 Expense Budget by Category

Category		FY 2012 Budget
Quieter Home Program/Joint Studies	$	15,264,946
Personnel Expenses		7,524,254
Maintenance		6,383,100
Utilities		6,265,000
Contractual Services		1,107,576
*Other		136,813
Equipment Outlays		120,000
Employee Programs		94,374
Equipment Rental and Repairs		57,758
Total	**$**	**36,953,822**

** Category totals may differ due to rounding*



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

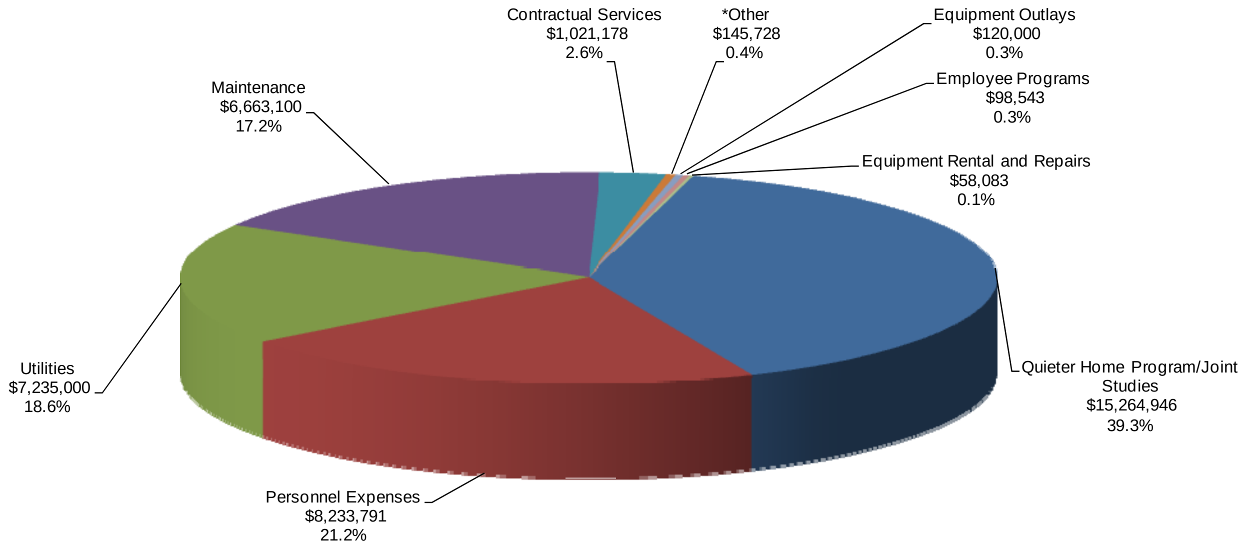
Figure 32 – FY 2012 Expense Budget by Category

Development Division

FY 2012 – FY 2013 Expense Budget by Category (cont.)

Category	FY 2013 Conceptual Budget
Quieter Home Program/Joint Studies	$ 15,264,946
Personnel Expenses	8,233,791
Maintenance	6,663,100
Utilities	7,235,000
Contractual Services	1,021,178
*Other	145,728
Equipment Outlays	120,000
Employee Programs	98,543
Equipment Rental and Repairs	58,083
Total	**$ 38,840,369**

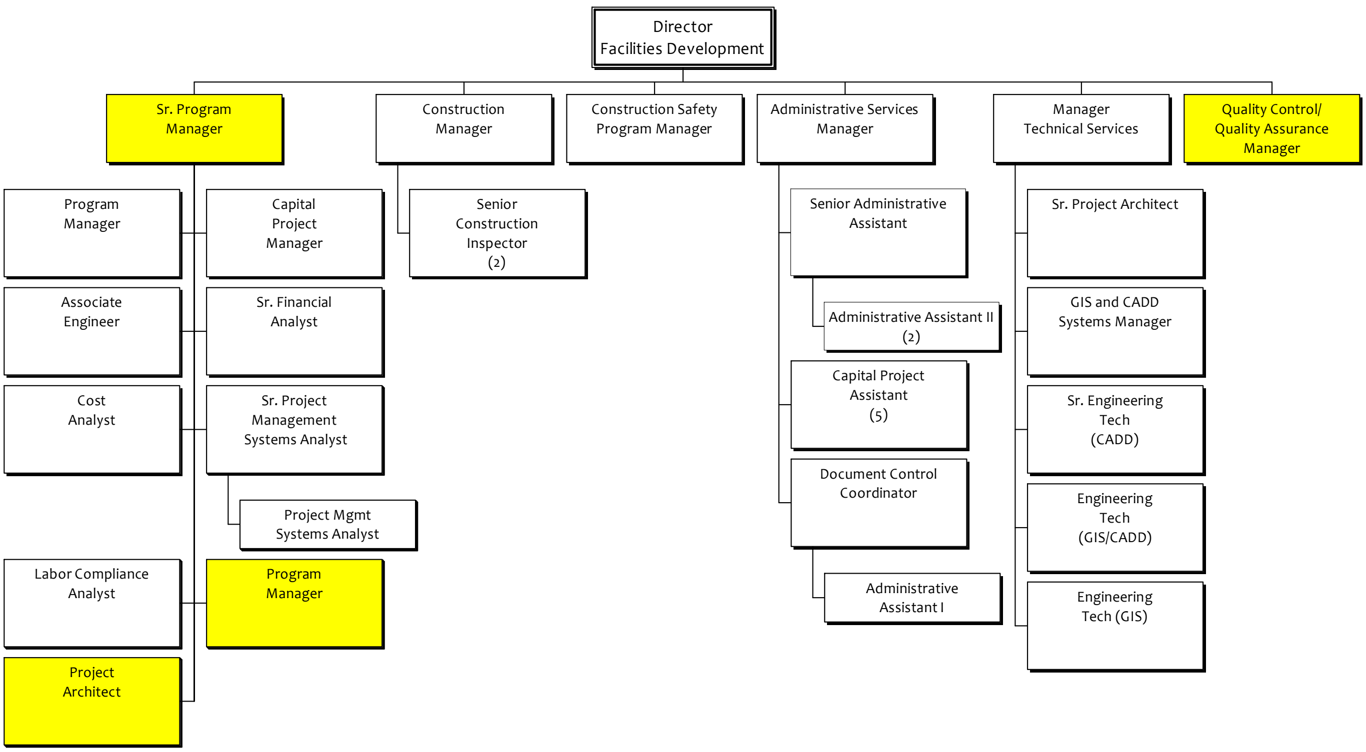
** Category totals may differ due to rounding*



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

Figure 33 – FY 2013 Expense Budget by Category

Facilities Development
FY 2012 – FY 2013 Organizational Structure



** No personnel changes planned for FY 2013*

** Unfunded positions shown in yellow*

Facilities Development

FY 2012 – FY 2013 Expense Budget Summary

	FY 2010 Actuals	FY 2011 Amended Budget	FY 2012 Conceptual Budget	FY 2012 Budget	Inc/(Dec) FY12 vs FY11 Amended	% Change	Inc/(Dec) FY12 vs FY12 Conceptual	% Change	FY 2013 Conceptual Budget	Inc/(Dec) FY13 Conceptual vs FY12	% Change
Operating Expenses:											
Personnel Expenses											
Salaries and Wages	$ 2,103,699	$ 2,213,720	$ 2,213,720	$ 2,255,444	$ 41,724	1.9%	$ 41,724	1.9%	$ 2,322,358	$ 66,915	3.0%
Premium Overtime	8,375	15,737	15,737	10,000	(5,737)	-36.5%	(5,737)	-36.5%	10,000	-	0.0%
Employee Benefits	861,744	1,022,574	1,183,494	1,044,537	21,963	2.1%	(138,957)	-11.7%	1,120,216	75,680	7.2%
Subtotal	2,973,818	3,252,031	3,412,951	3,309,981	57,950	1.8%	(102,970)	-3.0%	3,452,575	142,594	4.3%
Less: Capitalized Labor	*(2,178,444)*	*(2,471,818)*	*(2,596,692)*	*(2,519,456)*	(47,638)	1.9%	77,236	-3.0%	*(2,602,695)*	(83,239)	3.3%
Less: QHP - Labor/Burden/Labor Overhead	*(30,121)*	-	-	-	-	0.0%	-	0.0%	-	-	0.0%
Total Personnel Expenses	**765,253**	**780,213**	**816,259**	**790,524**	**10,311**	**1.3%**	**(25,735)**	**-3.2%**	**849,879**	**59,355**	**7.5%**
Non-Personnel Expenses											
Contractual Services	1,013,359	1,295,271	1,310,962	1,021,576	(273,695)	-21.1%	(289,386)	-22.1%	924,178	(97,399)	-9.5%
Safety and Security	-	-	-	-	-	0.0%	-	0.0%	-	-	0.0%
Space Rental	-	-	-	-	-	0.0%	-	0.0%	-	-	0.0%
Utilities	41	-	-	-	-	0.0%	-	0.0%	-	-	0.0%
Maintenance	31,524	600,000	700,000	400,000	(200,000)	-33.3%	(300,000)	-42.9%	400,000	-	0.0%
Operating Equipment & Systems	4,681	6,594	10,594	8,729	2,135	32.4%	(1,865)	-17.6%	6,845	(1,883)	-21.6%
Operating Supplies	8,041	12,539	14,439	8,118	(4,421)	-35.3%	(6,321)	-43.8%	9,417	1,299	16.0%
Insurance	-	-	-	-	-	0.0%	-	0.0%	-	-	0.0%
Employee Programs	4,566	6,486	9,686	5,459	(1,027)	-15.8%	(4,227)	-43.6%	6,628	1,169	21.4%
Business Development	8,348	25,620	28,120	21,120	(4,500)	-17.6%	(7,000)	-24.9%	25,620	4,500	21.3%
Equipment Rentals & Repairs	20,331	43,751	43,751	46,508	2,757	6.3%	2,757	6.3%	46,833	325	0.7%
Total Non-Personnel Expenses	**1,090,891**	**1,990,262**	**2,117,552**	**1,511,510**	**(478,752)**	**-24.1%**	**(606,042)**	**-28.6%**	**1,419,520**	**(91,990)**	**-6.1%**
Total Operating Expenses	**1,856,143**	**2,770,474**	**2,933,811**	**2,302,034**	**(468,440)**	**-16.9%**	**(631,777)**	**-21.5%**	**2,269,400**	**(32,635)**	**-1.4%**
Non-Operating Expenses:											
Joint Studies/Sound Attenuation	244,243	375,000	375,000	275,000	(100,000)	-26.7%	(100,000)	-26.7%	275,000	-	0.0%
Total Non-Operating Expenses	**244,243**	**375,000**	**375,000**	**275,000**	**(100,000)**	**-26.7%**	**(100,000)**	**-26.7%**	**275,000**	**-**	**0.0%**
Total Expenses	**2,100,386**	**3,145,474**	**3,308,811**	**2,577,034**	**(568,440)**	**-18.1%**	**(731,777)**	**-22.1%**	**2,544,400**	**(32,635)**	**-1.3%**
Equipment Outlay	**19,364**	**20,000**	**20,000**	**20,000**	**-**	**0.0%**	**-**	**0.0%**	**20,000**	**-**	**0.0%**
Total Dept Expenses incl Equip Outlay	**$ 2,119,750**	**$ 3,165,474**	**$ 3,328,811**	**$ 2,597,034**	**$ (568,440)**	**-18.0%**	**$ (731,777)**	**-22.0%**	**$ 2,564,400**	**$ (32,635)**	**-1.3%**

Facilities Development

Major Drivers of FY 2012 – FY 2013 Budget Increase / (Decrease)

	Inc/(Dec) FY12 vs FY11 Amended	Inc/(Dec) FY12 vs FY12 Conceptual	Inc/(Dec) FY13 Conceptual vs FY12
FY 2011 Amended Budget / FY 2012 Conceptual / FY 2012 Budget	**$ 3,165,474**	**$ 3,328,811**	**$ 2,597,034**
Personnel costs			
Previously unfunded Capital Project Manager	129,328	129,328	
Burden (benefits & employer taxes) increase/(decrease) for current staff	(16,871)	(177,791)	75,680
Change in capitalized labor costs	(47,638)	77,236	(83,239)
Salary adjustments	(54,015)	(54,015)	66,915
Total Increase / (Decrease) in personnel costs	**10,804**	**(25,242)**	**59,355**
(Decrease) in major maintenance costs	(200,000)	(300,000)	-
(Decrease) in Facilities Development consultant costs	(250,695)	(266,386)	(111,399)
Other, net	(128,549)	(140,149)	19,409
Total (Decrease) in non-personnel costs	**(579,244)**	**(706,535)**	**(91,990)**
Total (Decrease)	**(568,440)**	**(731,777)**	**(32,635)**
FY 2012 Budget / FY 2013 Conceptual Budget	**$ 2,597,034**	**$ 2,597,034**	**$ 2,564,400**

Facilities Development
Departmental Objectives

FY 2011 Progress Report

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

   Progress: During 2010, a number of enhancements were added to the Authority's GIS website including adding transparent panels and collapsible menus. Additionally, the GIS website was made more responsive and dynamic.

   Sustainability Goal: Operational Excellence.

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

   Fiscal Year: 2011. **Continue in 2012?** No.

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

   Progress: During the past 6 months, FDD has authorized 50% of staff to attend local seminars and training. FDD has spent 51% of its budgeting funding for training & development.

   Sustainability Goal: Social Responsibility.

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

   Fiscal Year: 2011. **Continue in 2012?** Yes.

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

   Progress: FDD is providing continuous discussion, training, and evaluation of the Design Bid Build and Alternative Project delivery methods at the bi-weekly Project Manager Meeting. FDD is currently on target for this goal having completed three of the six sessions in the first two quarters of FY 2011 dedicated to the above-defined process.

   Sustainability Goal: Operational Excellence.

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

   Fiscal Year: 2011. **Continue in 2012?** Yes.

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

   Progress: Sustainability and LEED training has already exceeded the goal; fifteen training sessions have been held to date. Also, new recycling criteria have been established for re-use of construction and demolition materials.

   Sustainability Goal: Operational Excellence.

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

   Fiscal Year: 2011. **Continue in 2012?** Yes.

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

   Progress: In 2010, a comprehensive pavement inspection program was conducted to review the condition of the airfield pavements. This program included visual inspection, non-destructive structural evaluation of pavements as well as coring and boring of the runway and taxiways to determine the subsurface conditions of the pavements.

   Sustainability Goal: Operational Excellence.

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

   Fiscal Year: 2011. **Continue in 2012?** Yes.

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

   Progress: Integration with E1 has now been added to the Authority's website. Additionally, the GIS database has been constantly updated throughout the year.

   Sustainability Goal: Operational Excellence.

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

   Fiscal Year: 2011. **Continue in 2012?** No.

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

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

   The result of these tools will reduce paper filing by 50%, which will reduce support labor by 20 hours a week.

   Progress: FDD has implemented the electronic scanning of all incoming documents and supporting contracts, reports, studies, task authorizations, and related correspondence. Staff has easily reached its goal in reducing support labor by 20 hours a week through implementation of electronic document control.

   Sustainability Goal: Social Responsibility.

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

   Fiscal Year: 2011. **Continue in 2012?** Yes

Facilities Development
Departmental Objectives

FY 2012 – FY 2013 Objectives

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

   Sustainability Goal: Operational Excellence; Social Responsibility.

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

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

   Sustainability Goal: Operational Excellence; Social Responsibility.

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

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

   Sustainability Goal: Operational Excellence; Social Responsibility.

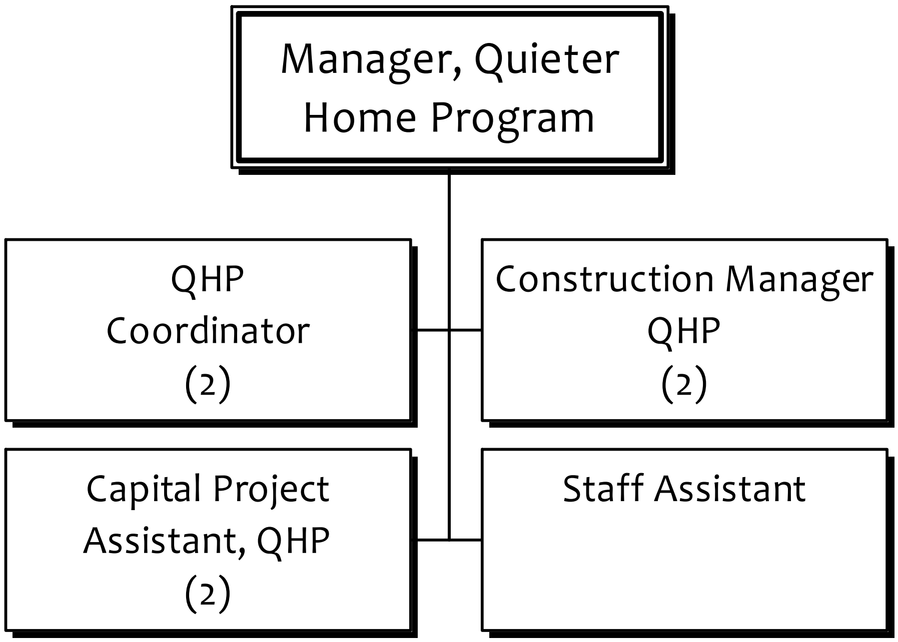
   Authority Strategy: Strategy #2: Achieve the highest level of internal and external customer satisfaction. Strategy #5: Be a trusted and highly responsive regional agency.

4. **By June 30, 2011, FDD will improve the Authority's GIS website by establishing a portion that is available for use by the public. It will offer interactive airport and terminal maps, directions, and other information to the traveling public.**

   Sustainability Goal: Operational Excellence; Social Responsibility.

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

Quieter Home Program
FY 2012 – FY 2013 Organizational Structure



** No personnel changes planned for FY 2013*

Quieter Home Program
FY 2012 – FY 2013 Expense Budget Summary

	FY 2010 Actuals	FY 2011 Amended Budget	FY 2012 Conceptual Budget	FY 2012 Budget	Inc/(Dec) FY12 vs FY11 Amended	% Change	Inc/(Dec) FY12 vs FY12 Conceptual	% Change	FY 2013 Conceptual Budget	Inc/(Dec) FY13 Conceptual vs FY12	% Change
Operating Expenses:											
Personnel Expenses											
Salaries and Wages	$ 705,176	$ 710,907	$ 710,907	$ 472,738	$ (238,169)	-33.5%	$ (238,169)	-33.5%	$ 486,920	$ 14,182	3.0%
Premium Overtime	947	5,000	5,842	5,000	-	0.0%	(842)	-14.4%	5,000	-	0.0%
Employee Benefits	284,764	338,324	395,298	240,671	(97,653)	-28.9%	(154,627)	-39.1%	265,889	25,218	10.5%
Subtotal	990,887	1,054,230	1,112,047	718,409	(335,821)	-31.9%	(393,638)	-35.4%	757,809	39,400	5.5%
Less: Capitalized Labor	-	-	-	-	-	0.0%	-	0.0%	-	-	0.0%
Less: QHP - Labor/Burden/Labor Overhead	*(990,041)*	*(1,054,230)*	*(1,112,047)*	*(718,409)*	335,821	-31.9%	393,638	-35.4%	*(757,809)*	(39,400)	5.5%
Total Personnel Expenses	**-**	**-**	**-**	**-**	**-**	**0.0%**	-	**0.0%**	**-**	**-**	**0.0%**
Contractual Services	2,254	-	-	-	-	0.0%	-	0.0%	-	-	0.0%
Safety and Security	-	-	-	-	-	0.0%	-	0.0%	-	-	0.0%
Space Rental	-	-	-	-	-	0.0%	-	0.0%	-	-	0.0%
Utilities	85	-	-	-	-	0.0%	-	0.0%	-	-	0.0%
Maintenance	-	-	-	-	-	0.0%	-	0.0%	-	-	0.0%
Operating Equipment & Systems	6,369	-	-	-	-	0.0%	-	0.0%	-	-	0.0%
Operating Supplies	12,147	-	-	-	-	0.0%	-	0.0%	-	-	0.0%
Insurance	-	-	-	-	-	0.0%	-	0.0%	-	-	0.0%
Employee Programs	4,913	4,970	5,807	5,550	580	11.7%	(257)	-4.4%	5,550	-	0.0%
Business Development	3,843	4,647	5,430	4,504	(143)	-3.1%	(926)	-17.0%	4,504	-	0.0%
Equipment Rentals & Repairs	(770)	-	-	-	-	0.0%	-	0.0%	-	-	0.0%
Total Non-Personnel Expenses	**28,841**	**9,617**	**11,237**	**10,054**	**437**	**4.5%**	**(1,183)**	**-10.5%**	**10,054**	**-**	**0.0%** 0.0%
Total Operating Expenses	**29,686**	**9,617**	**11,237**	**10,054**	**437**	**4.5%**	**(1,183)**	**-10.5%**	**10,054**	**-**	**0.0%**
Non-Operating Expenses:											
Joint Studies/Sound Attenuation	20,627,644	18,000,000	15,000,000	14,989,946	(3,010,054)	-16.7%	(10,054)	-0.1%	14,989,946	-	0.0%
Total Non-Operating Expenses	**20,627,644**	**18,000,000**	**15,000,000**	**14,989,946**	**(3,010,054)**	**-16.7%**	**(10,054)**	**-0.1%**	**14,989,946**	**-**	**0.0%**
										-	
Total Expenses	**20,657,330**	**18,009,617**	**15,011,236**	**15,000,000**	**(3,009,617)**	**-16.7%**	**(11,236)**	**-0.1%**	**15,000,000**	**-**	**0.0%**
Equipment Outlay	**-**	**-**	**-**	**-**	**-**	**0.0%**	**-**	**0.0%**	**-**	**-**	**0.0%**
Total Dept Expenses incl Equip Outlay	**$ 20,657,330**	**$ 18,009,617**	**$ 15,011,236**	**$ 15,000,000**	**$ (3,009,617)**	**-16.7%**	**$ (11,236)**	**-0.1%**	**$ 15,000,000**	**$ -**	**0.0%**

Quieter Home Program
Major Drivers of FY 2012 – FY 2013 Budget Increase / (Decrease)

	Inc/(Dec) FY12 vs FY11 Amended	Inc/(Dec) FY12 vs FY12 Conceptual	Inc/(Dec) FY13 Conceptual vs FY12
FY 2011 Amended Budget / FY 2012 Conceptual / FY 2012 Budget	**$ 18,009,617**	**$ 15,011,236**	**$ 15,000,000**
Personnel costs			
Capitalized labor / QHP - labor, burden, labor overhead increase	335,822	393,638	(39,400)
Burden (benefits & employer taxes) increase / (decrease) for current staff	9,448	(47,526)	25,218
Salary adjustments	(7,518)	(8,360)	14,182
Salary and burden (benefits & employer taxes) of 3 positions transferred out	(337,752)	(337,752)	-
Total Increase / (Decrease) in personnel costs	**-**	**-**	**-**
(Decrease) in Quieter Home Program project costs	(3,010,054)	(10,054)	-
Other, net	437	(1,183)	-
Total (Decrease) in non-personnel costs	**(3,009,617)**	**(11,236)**	**-**
Total (Decrease)	**(3,009,617)**	**(11,236)**	**-**
FY 2012 Budget / FY 2013 Conceptual Budget	**$ 15,000,000**	**$ 15,000,000**	**$ 15,000,000**

Quieter Home Program
Departmental Objectives

FY 2011 Progress Report

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

   Progress: Continued increased pace of Quieter Home Program (Program) to meet the FAA's requirement to spend down existing grant funding, which allowed the Airport to close a grant. During FY 2011, bid seven construction projects and insulated 411 homes.

   Sustainability Goal: Social Responsibility.

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

   Fiscal Year: 2011. **Continue in 2012?** Yes.

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

   Progress: Conducted twelve Quieter Home Program tours and information sessions with stakeholders to give them a first-hand look at how the Program operates. Attended local AGC, ASA, and other organizations to provide Program information to local, small, and disadvantaged contractors/businesses. Conducted an Open House to invite all stakeholders to view the new Program offices and showroom; over 75 people attended the Open House. Involved in the Small Business Bond Surety and Turner CM course. Provided increased opportunities to engage the homeowners throughout construction to provide the best possible customer service by building a new showroom.

   Sustainability Goal: Social Responsibility.

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

   Fiscal Year: 2011. **Continue in 2012?** Yes.

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

   Progress: Completed new Program Guideline Binders to ensure that staff is consistent in application of processes and procedures.

   Sustainability Goal: Social Responsibility.

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

   Fiscal Year: 2011. **Continue in 2012?** No.

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

   Progress: Bid seven construction projects and insulated 411 homes in FY 2011. The number of construction bids were down from FY 2010 due to budget reduction which required projects to slow down; however, many homes that were insulated were condominium units which have a lower cost to insulate.

   Sustainability Goal: Social Responsibility.

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

   Fiscal Year: 2011. **Continue in 2012?** Yes.

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

   Progress: By utilizing ePM, staff has reduced paperwork by 60% per project. By utilizing Notevault, we have reduced the inspector's labor hours by approximately 20 hours per month. Utilization of these two technologies has allowed the team to reduce paperwork, streamline processes and save on labor hours.

   Sustainability Goal: Operational Excellence.

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

   Fiscal Year: 2011. **Continue in 2012?** Yes.

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

   Progress: Conducted twelve Quieter Home Program tours and information sessions with stakeholders to give them a first-hand look at how the Program operates. Attended local AGC, ASA, and other organizations to provide Program information to local, small, and disadvantaged contractors/businesses. Conducted an Open House to invite all stakeholders to view the new Program offices and showroom; over 75 people attended the Open House. Involved in the Small Business Bond Surety Program and Turner CM course. Provided increased opportunities to engage the homeowners throughout construction to provide the best possible customer service by building a new showroom.

   Sustainability Goal: Social Responsibility.

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

   Fiscal Year: 2011. **Continue in 2012?** Yes.

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

   Progress: In FY 2011, bid seven construction projects and insulated 411 homes. The number of construction bids were down from FY 2010 due to budget reduction which required projects to slow down; however, many homes insulated were condominium units which have a lower cost to insulate.

   Sustainability Goal: Social Responsibility.

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

   Fiscal Year: 2011. **Continue in 2012?** Yes.

Quieter Home Program
Departmental Objectives

FY 2012 – FY 2013 Objectives

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

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

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

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

   Sustainability Goal: Operational Excellence, Social Responsibility.

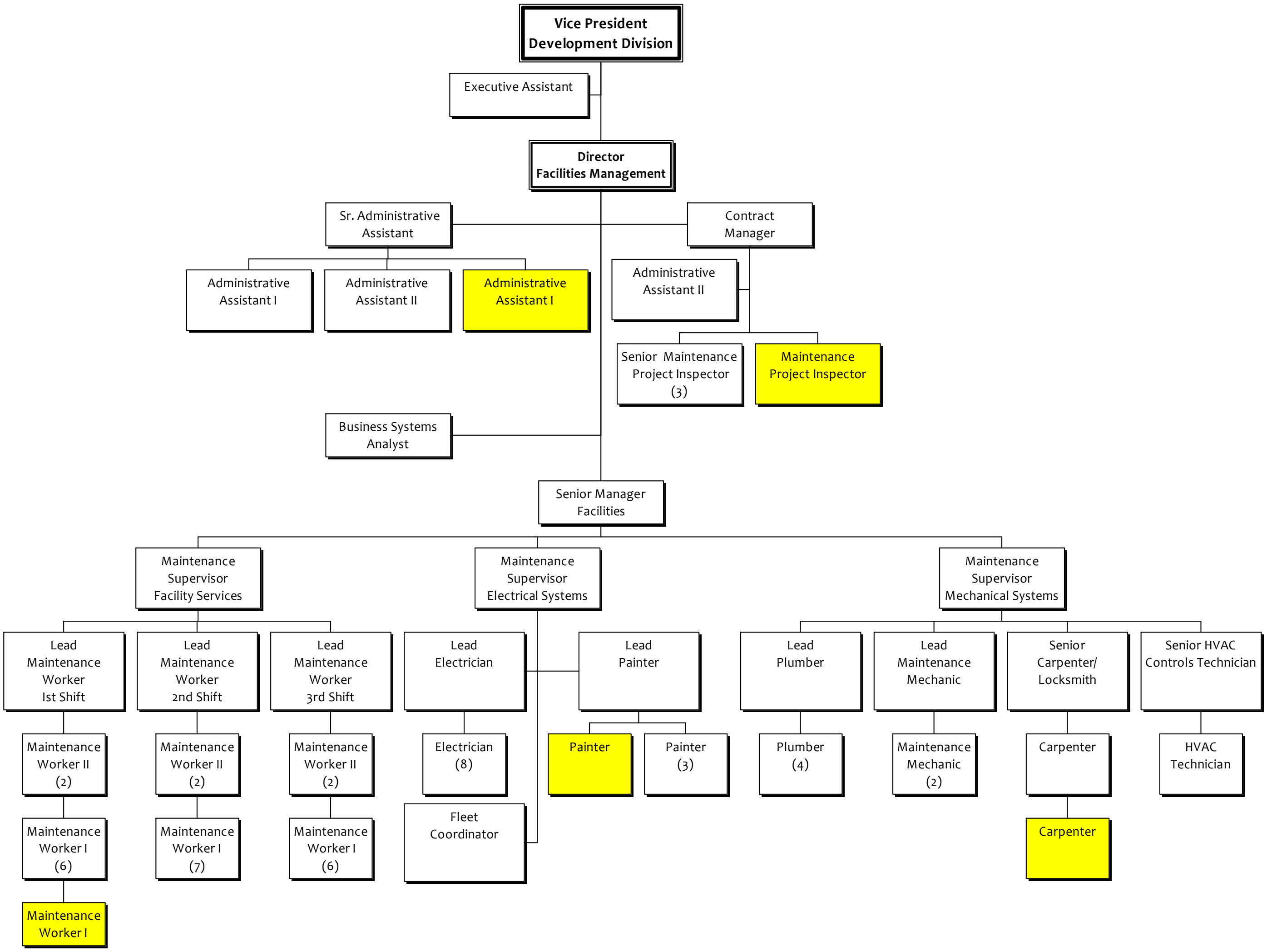
   Authority Strategy: Strategy #2: Achieve the highest level of internal and external customer satisfaction. Strategy #5: Be a trusted and highly responsive regional agency.

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

   Sustainability Goal: Operational Excellence, Social Responsibility.

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

Facilities Management
FY 2012 – FY 2013 Organizational Structure

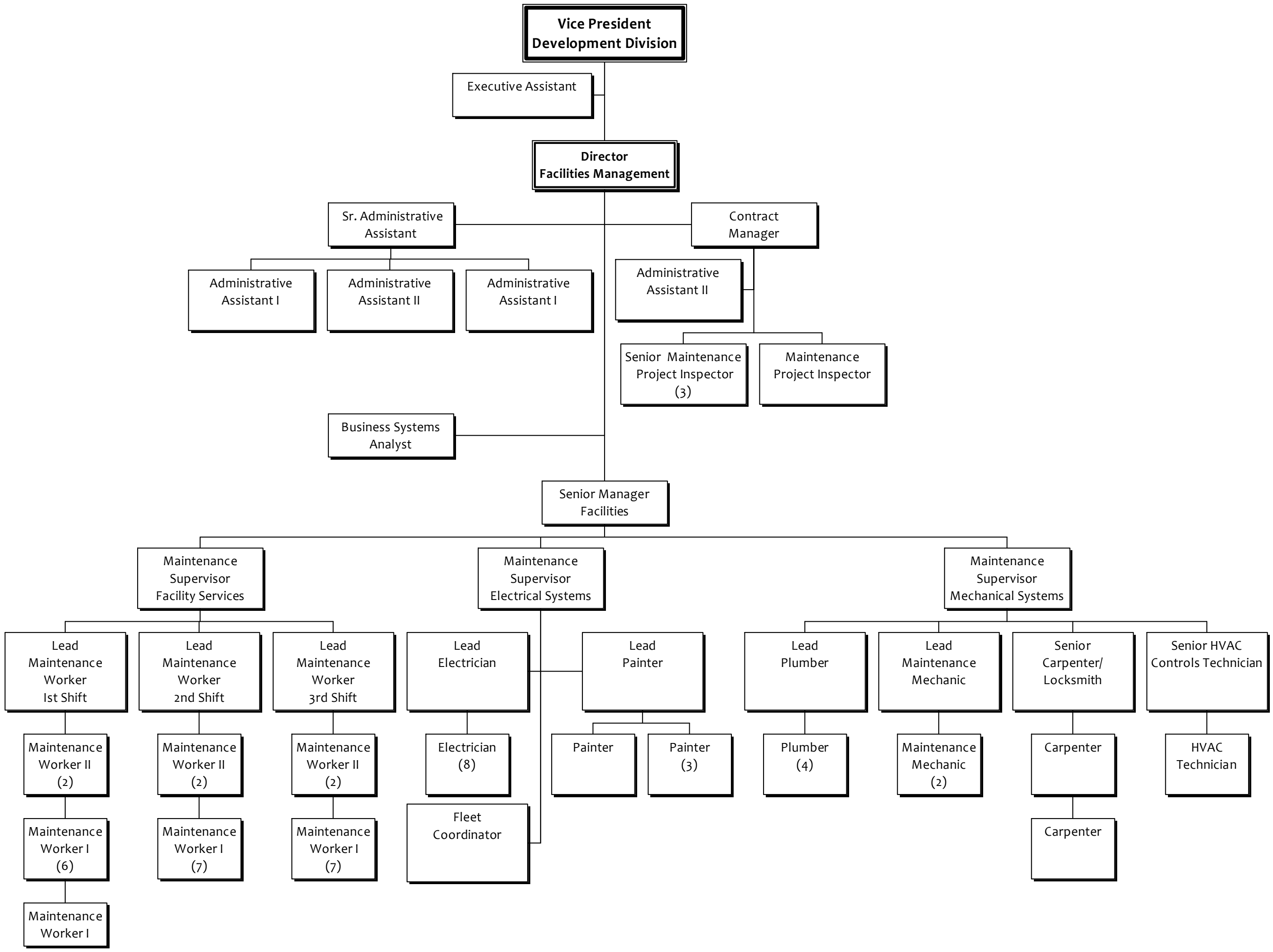


FY 2012 Organizational Structure

**Unfunded positions shown in yellow*

Facilities Management

FY 2012 – FY 2013 Organizational Structure (cont.)



FY 2013 Organizational Structure

Facilities Management
FY 2012 – FY 2013 Expense Budget Summary

	FY 2010 Actuals	FY 2011 Amended Budget	FY 2012 Conceptual Budget	FY 2012 Budget	Inc/(Dec) FY12 vs FY11 Amended	% Change	Inc/(Dec) FY12 vs FY12 Conceptual	% Change	FY 2013 Conceptual Budget	Inc/(Dec) FY13 Conceptual vs FY12	% Change
Operating Expenses:											
Personnel Expenses											
Salaries and Wages	$ 4,239,572	$ 4,359,967	$ 4,451,148	$ 4,621,750	$ 261,783	6.0%	$ 170,602	3.8%	$ 4,946,919	$ 325,169	7.0%
Premium Overtime	651,177	500,000	500,000	400,000	(100,000)	-20.0%	(100,000)	-20.0%	450,000	50,000	12.5%
Employee Benefits	1,920,380	2,322,501	2,636,039	2,502,491	179,989	7.7%	(133,548)	-5.1%	2,829,604	327,113	13.1%
Subtotal	6,811,128	7,182,468	7,587,187	7,524,241	341,773	4.8%	(62,947)	-0.8%	8,226,522	702,282	9.3%
Less: Capitalized Labor	(763,753)	(750,000)	(750,000)	(800,510)	(50,510)	6.7%	(50,510)	6.7%	(852,610)	(52,100)	6.5%
Less: QHP - Labor/Burden	-	-	-	-	-	0.0%	-	0.0%	-	-	0.0%
Total Personnel Expenses	**6,047,375**	**6,432,468**	**6,837,187**	**6,723,730**	**291,262**	**4.5%**	**(113,457)**	**-1.7%**	**7,373,912**	**650,182**	**9.7%**
Non-Personnel Expenses											
Contractual Services	423,065	301,000	301,000	86,000	(215,000)	-71.4%	(215,000)	-71.4%	97,000	11,000	12.8%
Safety and Security	-	-	-	-	-	0.0%	-	0.0%	-	-	0.0%
Space Rental	-	-	-	-	-	0.0%	-	0.0%	-	-	0.0%
Utilities	6,441,300	6,560,000	6,750,000	6,265,000	(295,000)	-4.5%	(485,000)	-7.2%	7,235,000	970,000	15.5%
Maintenance	7,647,108	5,942,100	5,942,100	5,983,100	41,000	0.7%	41,000	0.7%	6,263,100	280,000	4.7%
Operating Equipment & Systems	14,620	14,000	14,000	14,000	-	0.0%	-	0.0%	14,000	-	0.0%
Operating Supplies	66,177	48,600	48,600	53,500	4,900	10.1%	4,900	10.1%	58,500	5,000	9.3%
Insurance	298	-	-	-	-	0.0%	-	0.0%	-	-	0.0%
Employee Programs	59,855	70,300	77,500	60,500	(9,800)	-13.9%	(17,000)	-21.9%	63,500	3,000	5.0%
Business Development	23,961	14,900	14,900	11,600	(3,300)	-22.1%	(3,300)	-22.1%	11,600	-	0.0%
Equipment Rentals & Repairs	13,144	25,750	25,750	11,250	(14,500)	-56.3%	(14,500)	-56.3%	11,250	-	0.0%
Total Non-Personnel Expenses	**14,689,527**	**12,976,650**	**13,173,850**	**12,484,950**	**(491,700)**	**-3.8%**	**(688,900)**	**-5.2%**	**13,753,950**	**1,269,000**	**10.2%**
Total Operating Expenses	**20,736,903**	**19,409,118**	**20,011,037**	**19,208,680**	**(200,438)**	**-1.0%**	**(802,357)**	**-4.0%**	**21,127,862**	**1,919,182**	**10.0%**
Total Non-Operating Expenses	**-**	**-**	**-**	**-**	**-**	**0.0%**	**-**	**0.0%**	**-**	**-**	**0.0%**
Total Expenses	**20,736,903**	**19,409,118**	**20,011,037**	**19,208,680**	**(200,438)**	**-1.0%**	**(802,357)**	**-4.0%**	**21,127,862**	**1,919,182**	**10.0%**
Equipment Outlay	**55,657**	**100,000**	**120,000**	**100,000**	**-**	**0.0%**	**(20,000)**	**-16.7%**	**100,000**	**-**	**0.0%**
Total Dept Expenses incl Equip Outlay	**$ 20,792,559**	**$ 19,509,118**	**$ 20,131,037**	**$ 19,308,680**	**$ (200,438)**	**-1.0%**	**$ (822,357)**	**-4.1%**	**$ 21,227,862**	**$ 1,919,182**	**9.9%**

Facilities Management
Major Drivers of FY 2012 – FY 2013 Budget Increase / (Decrease)

	Inc/(Dec) FY12 vs FY11 Amended	Inc/(Dec) FY12 vs FY12 Conceptual	Inc/(Dec) FY13 Conceptual vs FY12
FY 2011 Amended Budget / FY 2012 Conceptual / FY 2012 Budget	**$ 19,509,118**	**$ 20,131,037**	**$ 19,308,680**
Personnel costs			
Previously unfunded and new positions salary and burden increases	186,155	186,155	289,979
Burden (benefits & employer taxes) increase/(decrease) for current staff	84,079	(229,459)	199,834
Salary and burden (benefits & employer taxes) position transferred in	96,776	96,776	-
Salary adjustments	(24,273)	(115,454)	212,469
Changes in Capitilized labor costs	(50,510)	(50,510)	(52,100)
Total Increase / (Decrease) in personnel costs	**292,227**	**(112,492)**	**650,182**
Increase in major maintenance costs	200,000	200,000	-
Increase / (Decrease) in Annual Repair and Service Contracts	(250,000)	(250,000)	236,500
Increase / (Decrease) in utilities	(295,000)	(485,000)	970,000
Other, net	(147,665)	(174,865)	62,500
Total Increase / (Decrease) in non-personnel costs	**(492,665)**	**(709,865)**	**1,269,000**
Total Increase / (Decrease)	**(200,438)**	**(822,357)**	**1,919,182**
FY 2012 Budget / FY 2013 Conceptual Budget	**$ 19,308,680**	**$ 19,308,680**	**$ 21,227,862**

FY 2011 Progress Report

1. **Implement the Life Cycle Asset Management Program in Terminal One, Commuter Terminal, and Terminal Two East.**

   Progress: Program elements are on track. Program savings to date total $1,539,954.47. Initial elements of the retro-Commissioning portion are complete for all main terminals and on schedule to complete all terminals by deadline. Rebate contracts have been executed and program savings are being tracked. Utilities monitoring instruments have been installed and measurement software is being purchased to track usage.

   Sustainability Goal: Operational Excellence.

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

   Fiscal Year: 2011. **Continue in 2012?** Yes, emphasis on staffing analysis and on-going commissioning program development.

2. **Establish and implement a professional development program for the Maintenance Supervisors and Lead Technicians to encompass Financial, Procurement, Airport Operations, and other aspects of the aviation industry by June 2011.**

   Progress: Training program has been launched with cooperation from Training & Organizational Development. First meetings to establish program expectations and initial kickoff of process with management team have been held.

   Sustainability Goal: Operational Excellence.

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

   Fiscal Year: 2011. **Continue in 2012?** Yes, with focus on development of upper management team and integration of first line Leads.

3. **Reduce overall energy usage by 5% from 2008 baseline by June 2011.**

   Progress: Program has been hugely successful; overall savings to date is 11.9%

   Sustainability Goal: Operational Excellence.

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

   Fiscal Year: 2011. **Continue in 2012?** Yes, baseline will be modified and goal percentage adjusted.

4. **Reduce water consumption by 5% from 2008 baseline by June 2011.**

   Progress: Program has been hugely successful; overall reduction to date is 19.6%

   Sustainability Goal: Operational Excellence.

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

   Fiscal Year: 2011. **Continue in 2012?** Yes, baseline will be modified and goal percentage adjusted.

Facilities Management
Departmental Objectives

FY 2012 – FY 2013 Objectives

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

   Sustainability Goal: Operational Excellence.

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

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

   Sustainability Goal: Operational Excellence.

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

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

   Sustainability Goal: Operational Excellence, Natural Resource Conservation.

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

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

   Sustainability Goal: Operational Excellence, Natural Resource Conservation.

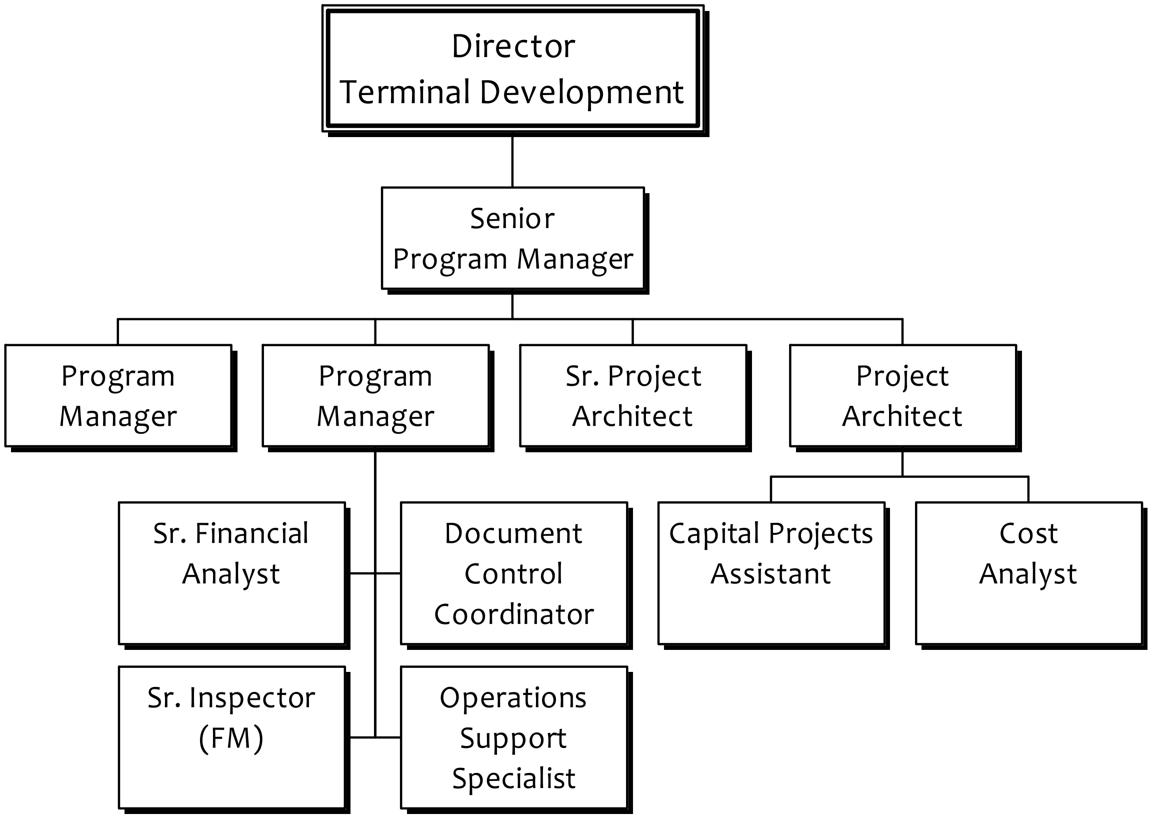
   Authority Strategy: Strategy #3: Operate our airport in a safe, secure, environmentally-sound, effective, and efficient manner.

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

   Sustainability Goal: Operational Excellence, Natural Resource Conservation.

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

Terminal Development Program
FY 2012 – FY 2013 Organizational Structure



** No personnel changes planned for FY 2013*

Terminal Development Program
FY 2012 – FY 2013 Expense Budget Summary

	FY 2010 Actuals	FY 2011 Amended Budget	FY 2012 Conceptual Budget	FY 2012 Budget	Inc/(Dec) FY12 vs FY11 Amended	% Change	Inc/(Dec) FY12 vs FY12 Conceptual	% Change	FY 2013 Conceptual Budget	Inc/(Dec) FY13 Conceptual vs FY12	% Change
Operating Expenses:											
Personnel Expenses											
Salaries and Wages	$ 765,008	$ 1,153,883	$ 1,153,883	$ 1,112,818	$ (41,065)	-3.6%	$ (41,065)	-3.6%	$ 1,146,203	$ 33,385	3.0%
Premium Overtime	68	-	-	-	-	0.0%	-	0.0%	-	-	0.0%
Employee Benefits	149,349	507,246	547,075	485,377	(21,869)	-4.3%	(61,698)	-11.3%	517,124	31,747	6.5%
Subtotal	914,425	1,661,129	1,700,957	1,598,195	(62,934)	-3.8%	(102,763)	-6.0%	1,663,327	65,132	4.1%
Less: Capitalized Labor	*(914,386)*	*(1,644,629)*	*(1,684,127)*	*(1,588,195)*	56,434	-3.4%	95,933	-5.7%	*(1,653,327)*	(65,132)	4.1%
Total Personnel Expenses	**39**	**16,500**	**16,830**	**10,000**	**(6,500)**	**-39.4%**	**(6,830)**	**-40.6%**	**10,000**	**-**	**0.0%**
Contractual Services	-	-	-	-	-	0.0%	-	0.0%	-	-	0.0%
Safety and Security	-	-	-	-	-	0.0%	-	0.0%	-	-	0.0%
Space Rental	-	-	-	-	-	0.0%	-	0.0%	-	-	0.0%
Utilities	-	-	-	-	-	0.0%	-	0.0%	-	-	0.0%
Maintenance	-	-	-	-	-	0.0%	-	0.0%	-	-	0.0%
Operating Equipment & Systems	-	-	-	-	-	0.0%	-	0.0%	-	-	0.0%
Operating Supplies	-	-	-	-	-	0.0%	-	0.0%	-	-	0.0%
Insurance	-	-	-	-	-	0.0%	-	0.0%	-	-	0.0%
Employee Programs	10,112	41,700	42,534	22,865	(18,835)	-45.2%	(19,669)	-46.2%	22,865	-	0.0%
Business Development	2,813	15,112	15,983	15,242	130	0.9%	(741)	-4.6%	15,242	-	0.0%
Equipment Rentals & Repairs	-	-	-	-	-	0.0%	-	0.0%	-	-	0.0%
Total Non-Personnel Expenses	**12,925**	**56,812**	**58,517**	**38,107**	**(18,705)**	**-32.9%**	**(20,410)**	**-34.9%**	**38,107**	**-**	**0.0%**
Total Operating Expenses	**12,964**	**73,312**	**75,347**	**48,107**	**(25,205)**	**-34.4%**	**(27,240)**	**-36.2%**	**48,107**	**-**	**0.0%**
Total Non-Operating Expenses	**-**	**-**	**-**	**-**	**-**	**0.0%**	**-**	**0.0%**	**-**	**-**	**0.0%**
Total Expenses	**12,964**	**73,312**	**75,347**	**48,107**	**(25,205)**	**-34.4%**	**(27,240)**	**-36.2%**	**48,107**	**-**	**0.0%**
Equipment Outlay	**-**	**-**	**-**	**-**	**-**	**0.0%**	**-**	**0.0%**	**-**	**-**	**0.0%**
Total Dept Expenses incl Equip Outlay	**$ 12,964**	**$ 73,312**	**$ 75,347**	**$ 48,107**	**$ (25,205)**	**-34.4%**	**$ (27,240)**	**-36.2%**	**$ 48,107**	**$ -**	**0.0%**

Terminal Development Program
Major Drivers of FY 2012 – FY 2013 Budget Increase / (Decrease)

	Inc/(Dec) FY12 vs FY11 Amended	Inc/(Dec) FY12 vs FY12 Conceptual	Inc/(Dec) FY13 Conceptual vs FY12
FY 2011 Amended Budget / FY 2012 Conceptual / FY 2012 Budget	**$ 73,312**	**$ 75,347**	**$ 48,107**
Personnel costs			
Change in capitalized labor costs	56,434	95,933	(65,132)
Burden (benefits & employer taxes) increase/(decrease) for current staff	3,588	(36,241)	31,747
Salary and burden (benefits & employer taxes) of 3 positions transferred in, 2 position	4,906	4,906	-
Salary adjustments	(71,428)	(71,427)	33,385
Total (Decrease) in personnel costs	**(6,500)**	**(6,830)**	**-**
Other, net	(18,705)	(20,410)	-
Total (Decrease) in non-personnel costs	**(18,705)**	**(20,410)**	**-**
Total (Decrease)	**(25,205)**	**(27,240)**	**-**
FY 2012 Budget / FY 2013 Conceptual Budget	**$ 48,107**	**$ 48,107**	**$ 48,107**

Terminal Development Program
Departmental Objectives

FY 2011 Progress Report

1. **TDP Critical Path Management:**

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

   Success will mean moving the program to completion for capitalization of work and promoting economic vitality to the San Diego Regional area.

   Progress: Both TDP Critical Path Management items are in progress. TDP has hired key staff positions: Director and Project Controls Manager. We are conducting an ongoing audit of the Program. We continue to engage stakeholders through the Green Build Operations Committee. Currently, we are negotiating the Guaranteed Maximum Price (GMP) for both contract 1 and contract 2 that will establish the final cost and schedule for the program.

   Sustainability Goal: Economic Viability, Operational Excellence.

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

   Fiscal Year: 2011. **Continue during 2012?** Yes.

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

   Progress: Developed and distributed Survey Instrument on January 2011. Results of the Survey are being analyzed and an Action Plan will be developed.

   Sustainability Goal: Social Responsibility.

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

   Fiscal Year: 2011. **Continue during 2012?** Yes.

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

   Progress: Developed and distributed Survey Instrument on January 2011. Results of the Survey are being analyzed and an Action Plan will be developed.

   Sustainability Goal: Social Responsibility.

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

   Fiscal Year: 2011. **Continue during 2012?** Yes.

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

Progress: TDP staff members are responsible on an individual basis for requesting approval of their own educational training (Labor Compliance, ADA Disability Access, LEED, Safety Training, etc.). These professional development courses will be paid from TDP's departmental budget.

Sustainability Goal: Social Responsibility.

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

Fiscal Year: 2011. **Continue during 2012?** Yes.

Terminal Development Program
Departmental Objectives

FY 2012 – FY 2013 Objectives

1. **Enhance stakeholder satisfaction with the TDP by continuing to engage and encourage stakeholder participation during the design and construction of the Green Build. To support this, we will continue to conduct weekly Green Build Operations Committee (GBOC) meetings, provide quarterly board (TDP Committee) updates, publish budget and schedule updates to the Executive Steering Committee (ESC), and solicit feedback via the TDP satisfaction survey.**

   Sustainability Goal: Operational Excellence, Social Responsibility.

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

2. **Develop the Green Build Activation Plan, which will be derived from meetings with stakeholders to gain their input and support. Our goal will be to create a start-up, commissioning, and training manual for the key operational elements of the program.**

   Sustainability Goal: Operational Excellence, Social Responsibility.

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

3. **Facilitate the implementation of the Green Build Activation Plan. Once the plan is developed, our goal will be to work with the GBOC to implement the plan.**

   Sustainability Goal: Operational Excellence, Social Responsibility.

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

4. **Provide opportunities for TDP staff to participate in the development and implementation of the Green Build Activation Plan.**

   Sustainability Goal: Operational Excellence, Social Responsibility.

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

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Finance Division

Finance Division

Overview

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

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

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

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

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

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

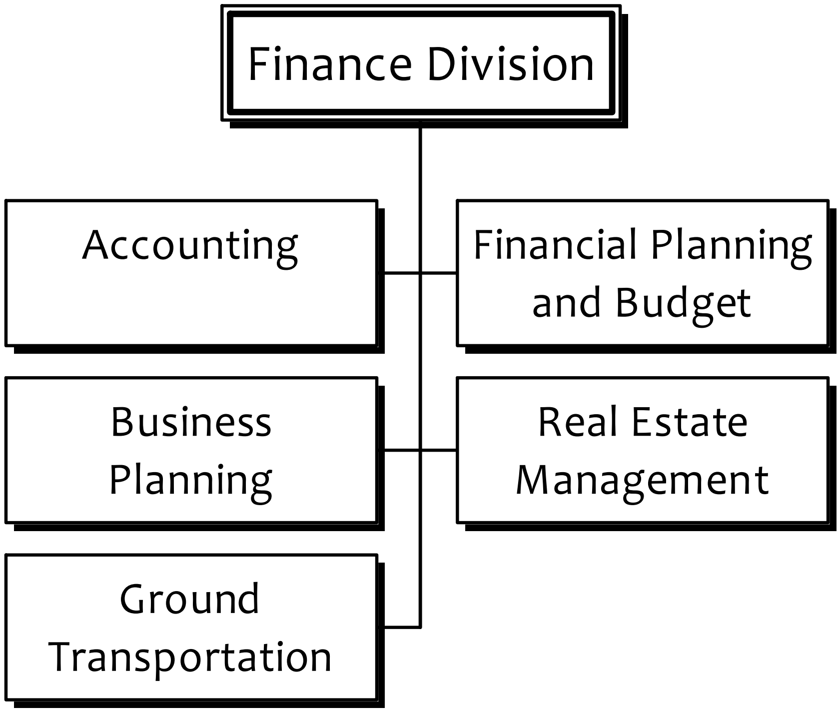
The **Ground Transportation Department** is responsible for operations from the terminal curb and roadways to the parking lots. There are two on-airport and four off-airport parking lots that require shuttle bus services. Additionally, the three terminals at SDIA are serviced by the Airport Loop shuttle 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 **Real Estate Management Department** functions as the landlord for the Airport and other Authority-owned and operated facilities and leaseholds. It also serves as the Authority's representative in the following:

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

Finance Division
Organizational Structure



Personnel Summary

	FY 2010 Authorized & Funded Positions	FY 2011 Authorized & Funded Positions	FY 2012 Transfers	FY 2012 New/ (Eliminated) Positions	FY 2012 (Frozen)/ Unfrozen Positions	FY2012 Authorized & Funded Positions	FY 2013 New/ (Eliminated) Positions	FY 2013 (Frozen)/ Unfrozen Positions	FY2013 Authorized & Funded Positions
Finance									
Financial Planning & Budget	12	11	-	-	-	11	-	-	11
Accounting	12	12	-	-	1	13	-	-	13
Business Planning	4	4	-	-	-	4	-	-	4
Real Estate Management	16	20	1 [1]	1 [2]	-	22	-	-	22
Ground Transportation	5	5	-	-	-	5	-	-	5
Total	**49**	**52**	**1**	**1**	**1**	**55**	**-**	**-**	**55**
Authorized and Unfunded Positions	3	3	-	-	-	2	-	-	2
Total Authorized Positions	**52**	**55**	**1**	**1**	**-**	**57**	**-**	**-**	**57**

[1] Real Estate Management - Sr. Administation Assistant transferred from Terminal Development Program in FY11
[2] Real Estate Management - Management Analyst position was hired in FY11

Finance Division

FY 2012 – FY 2013 Expense Budget Summary

	FY 2010 Actuals	FY 2011 Amended Budget	FY 2012 Conceptual Budget	FY 2012 Budget	Inc/(Dec) FY12 vs FY11 Amended	% Change	Inc/(Dec) FY12 vs FY12 Conceptual	% Change	FY 2013 Conceptual Budget	Inc/(Dec) FY13 Conceptual vs FY12	% Change
Operating Expenses:											
Personnel Expenses											
Salaries and Wages	$ 3,648,789	$ 4,199,608	$ 4,199,608	$ 4,322,334	$ 122,726	2.9%	$ 122,726	2.9%	$ 4,482,108	$ 159,774	3.7%
Premium Overtime	13,927	15,568	15,568	9,568	(6,000)	-38.5%	(6,000)	-38.5%	9,568	-	0.0%
Employee Benefits	1,442,922	1,946,163	2,245,809	2,012,604	66,442	3.4%	(233,205)	-10.4%	2,157,282	144,678	7.2%
Subtotal	5,105,638	6,161,339	6,460,985	6,344,506	183,167	3.0%	(116,479)	-1.8%	6,648,958	304,452	4.8%
Less: Capitalized Labor	*(8,590)*	-	-	-	-	0.0%	-	0.0%	-	-	0.0%
Total Personnel Expenses	**5,097,048**	**6,161,339**	**6,460,985**	**6,344,506**	**183,167**	**3.0%**	**(116,479)**	**-1.8%**	**6,648,958**	**304,452**	**4.8%**
Post Employment Benefits Authority-wide	**1,692,671**	**1,711,387**	**2,034,355**	**1,795,828**	**84,441**	**4.9%**	**(238,527)**	**-11.7%**	**2,056,184**	**80,000**	**4.5%**
Non-Personnel Expenses											
Contractual Services	12,594,783	11,837,970	12,760,670	13,259,385	1,421,415	12.0%	498,715	3.9%	14,054,243	794,858	6.0%
Safety and Security	-	-	-	-	-	0.0%	-	0.0%	-	-	0.0%
Space Rental	10,905,599	10,904,139	10,904,779	11,415,145	511,006	4.7%	510,366	4.7%	11,418,271	3,126	0.0%
Utilities	-	2,350	2,350	2,500	150	6.4%	150	6.4%	2,500	-	0.0%
Maintenance	15,116	15,900	16,700	18,838	2,938	18.5%	2,138	12.8%	520,401	501,563	2662.5%
Operating Equipment & Systems	16,046	29,900	9,000	22,800	(7,100)	-23.7%	13,800	153.3%	8,300	(14,500)	-63.6%
Operating Supplies	38,510	49,500	49,500	39,800	(9,700)	-19.6%	(9,700)	-19.6%	38,800	(1,000)	-2.5%
Insurance	-	-	-	-	-	0.0%	-	0.0%	-	-	0.0%
Employee Programs	92,422	90,325	86,435	82,075	(8,250)	-9.1%	(4,360)	-5.0%	85,075	3,000	3.7%
Business Development	(203,817)	184,970	161,430	94,250	(90,720)	-49.0%	(67,180)	-41.6%	93,750	(500)	-0.5%
Equipment Rentals & Repairs	129,802	56,300	52,100	32,892	(23,408)	-41.6%	(19,208)	-36.9%	82,892	50,000	152.0%
Total Non-Personnel Expenses	**23,588,460**	**23,171,354**	**24,042,964**	**24,967,685**	**1,796,331**	**7.8%**	**924,721**	**3.8%**	**26,304,232**	**1,336,547**	**5.4%**
Total Operating Expenses	**30,378,180**	**31,044,080**	**32,538,304**	**33,108,019**	**2,063,940**	**6.6%**	**569,715**	**1.8%**	**35,009,374**	**1,901,355**	**5.7%**
Non-Operating Expenses:											
Debt Service	5,862,112	17,537,681	14,759,410	16,783,084	(754,597)	-4.3%	2,023,674	13.7%	19,456,639	2,673,555	15.9%
Total Non-Operating Expenses	**5,862,113**	**17,537,681**	**14,759,410**	**16,783,084**	**(754,597)**	**-4.3%**	**2,023,674**	**13.7%**	**19,456,639**	**2,673,555**	**15.9%**
Total Expenses	**36,240,293**	**48,581,761**	**47,297,714**	**49,891,104**	**1,309,343**	**2.7%**	**2,593,389**	**5.5%**	**54,466,013**	**4,574,910**	**9.2%**
Equipment Outlay	**-**	**-**	**250,000**	**-**	**-**	**0.0%**	**(250,000)**	**-100.0%**	**-**	**-**	**0.0%**
Total Division Expenses incl Equip Outlay	**$ 36,240,293**	**$ 48,581,761**	**$ 47,547,714**	**$ 49,891,104**	**$ 1,309,343**	**2.7%**	**$ 2,343,389**	**4.9%**	**$ 54,466,013**	**$ 4,574,910**	**9.2%**

Finance Division

Major Drivers of FY 2012 Budget Increase / (Decrease)

	Inc/(Dec) FY12 vs FY11 Amended	Inc/(Dec) FY12 vs FY12 Conceptual
FY 2011 Amended Budget / FY 2012 Conceptual	**$ 48,581,761**	**$ 47,547,714**
Personnel costs		
Salary adjustments	116,691	116,692
Burden (benefits & employer taxes) increase / (decrease) for current staff	66,439	(233,205)
Total Increase / (Decrease) in personnel costs	**183,130**	**(116,513)**
Post Employment Benefits Authority-wide	**84,441**	**(238,527)**
Increase in parking management contract	1,231,798	1,118,058
Increase in principal - Bonds	1,145,000	980,000
Expiration of rent credit amortization	511,006	510,366
Increase in auditing services	125,000	125,000
Increase in Letter of Credit fees	112,224	172,681
Increase / (Decrease) in use of outside professional consultants and other services	106,617	(654,343)
Increase in principal - Commercial Paper	35,000	780,000
(Decrease) in temporary personnel costs	(42,000)	(90,000)
(Decrease) in amortization of bond premium cost of issuance	(794,391)	(992,724)
(Decrease) / Increase in interest expense- Bonds and Commercial Paper	(1,269,410)	1,059,040
Other, net	(119,072)	(309,649)
Total Increase in non-personnel costs	**1,041,772**	**2,698,429**
Total Increase	**1,309,343**	**2,343,389**
FY 2012 Budget	**$ 49,891,104**	**$ 49,891,104**

Finance Division

Major Drivers of FY 2013 Conceptual Budget Increase / (Decrease)

		Inc/(Dec) FY13 Conceptual vs FY12
FY 2012 Budget	**$**	**49,891,104**
Personnel costs		
Burden (benefits & employer taxes) increase for current staff		144,678
Salary adjustments		159,808
Total Increase in personnel costs		**304,486**
Post Employment Benefits Authority-wide		**260,356**
Increase in interest expense- Bonds and Commercial Paper		2,250,696
Central Receiving and Distribution Center Operator		871,950
Increase in Concession Development Program (CDP) tenant support		501,563
Increase in parking management contract		356,808
Increase in principal - Bonds		200,000
(Decrease) in auditing services		(135,000)
(Decrease) in use of outside professional consultants and other services		(280,900)
Other, net		244,951
Total Increase in non-personnel costs		**4,010,068**
Total Increase		**4,574,910**
FY 2013 Conceptual Budget	**$**	**54,466,013**

Finance Division
FY 2012 – FY 2013 Expense Budget by Department

Department		FY 2012 Budget
Debt Service	$	16,783,084
Real Estate Management		14,752,215
Ground Transportation		12,543,586
Financial Planning & Budget		1,900,952
Post Employment Benefits Authority-wide		1,795,828
Accounting		1,671,176
Business Planning		444,262
Total	**$**	**49,891,104**

** Departmental totals may differ due to rounding*

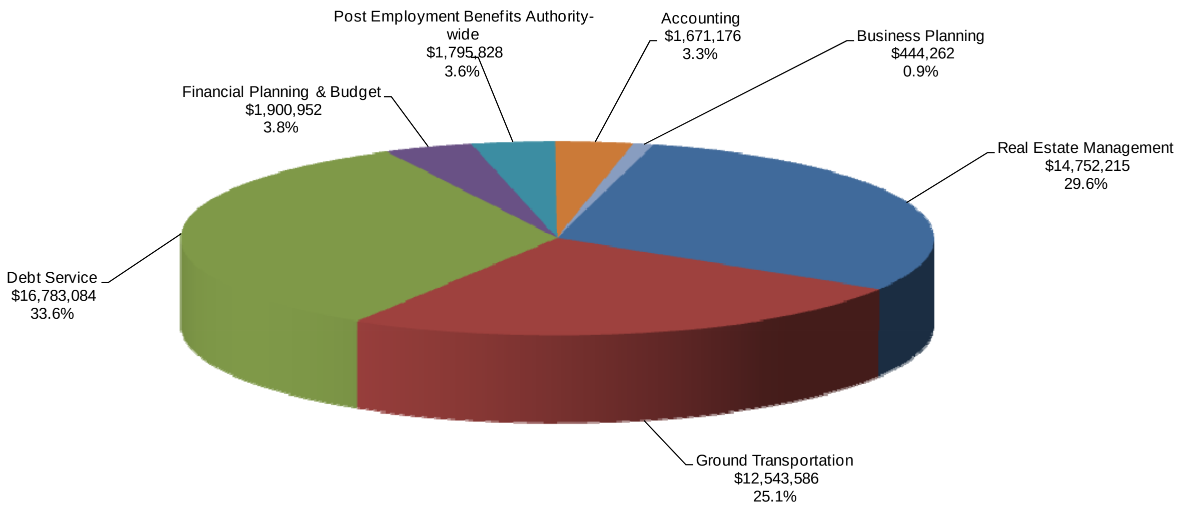


Figure 34 – FY 2012 Expense Budget by Department

Finance Division

FY 2012 – FY 2013 Expense Budget by Department (cont.)

Department	FY 2013 Conceptual Budget	
Debt Service	$	19,456,639
Real Estate Management		16,206,532
Ground Transportation		12,733,350
Misc (Post Employment Benefits)		2,056,184
Financial Planning & Budget		1,944,775
Accounting		1,604,746
Business Planning		463,787
Total	**$**	**54,466,013**

** Departmental totals may differ due to rounding*

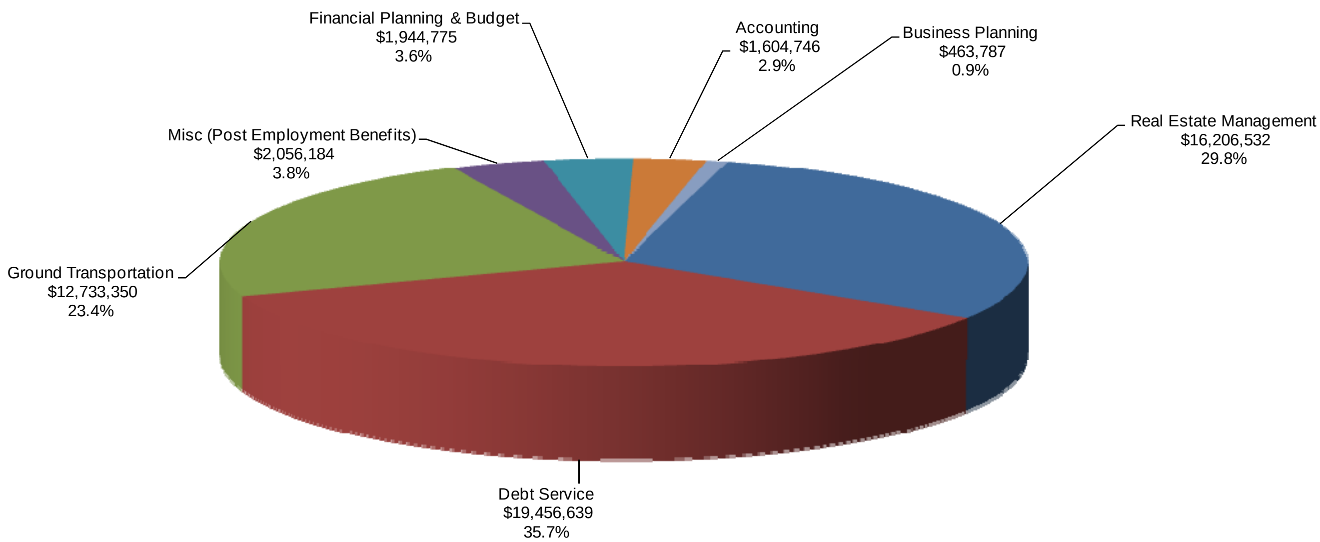
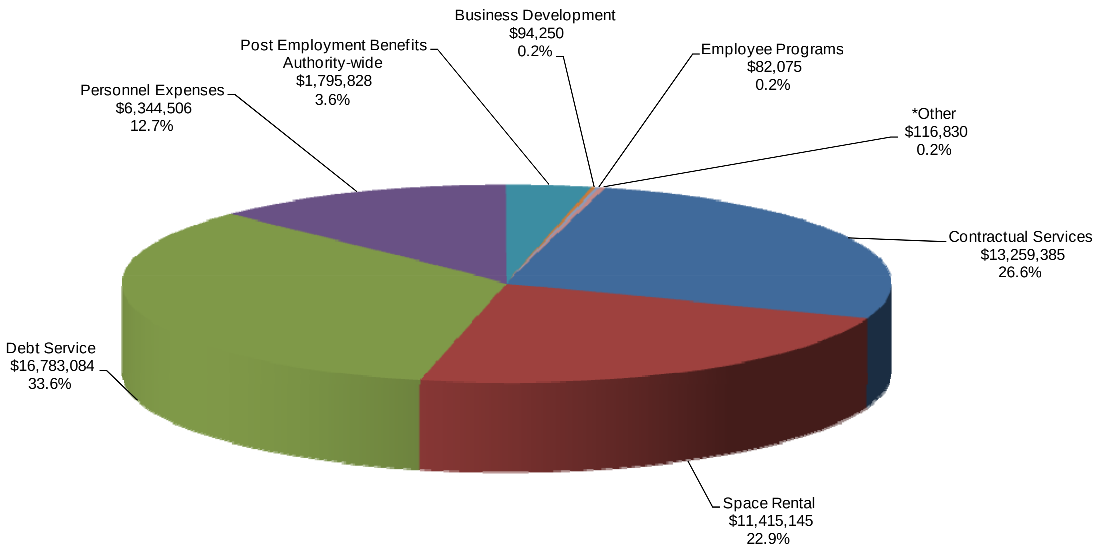


Figure 35 – FY 2013 Expense Budget by Department

Finance Division
FY 2012 – FY 2013 Expense Budget by Category

Category		FY 2012 Budget
Debt Service	$	16,783,084
Contractual Services		13,259,385
Space Rental		11,415,145
Personnel Expenses		6,344,506
Post Employment Benefits Authority-wide		1,795,828
*Other		116,830
Business Development		94,250
Employee Programs		82,075
Total	**$**	**49,891,104**

** Category totals may differ due to rounding*



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

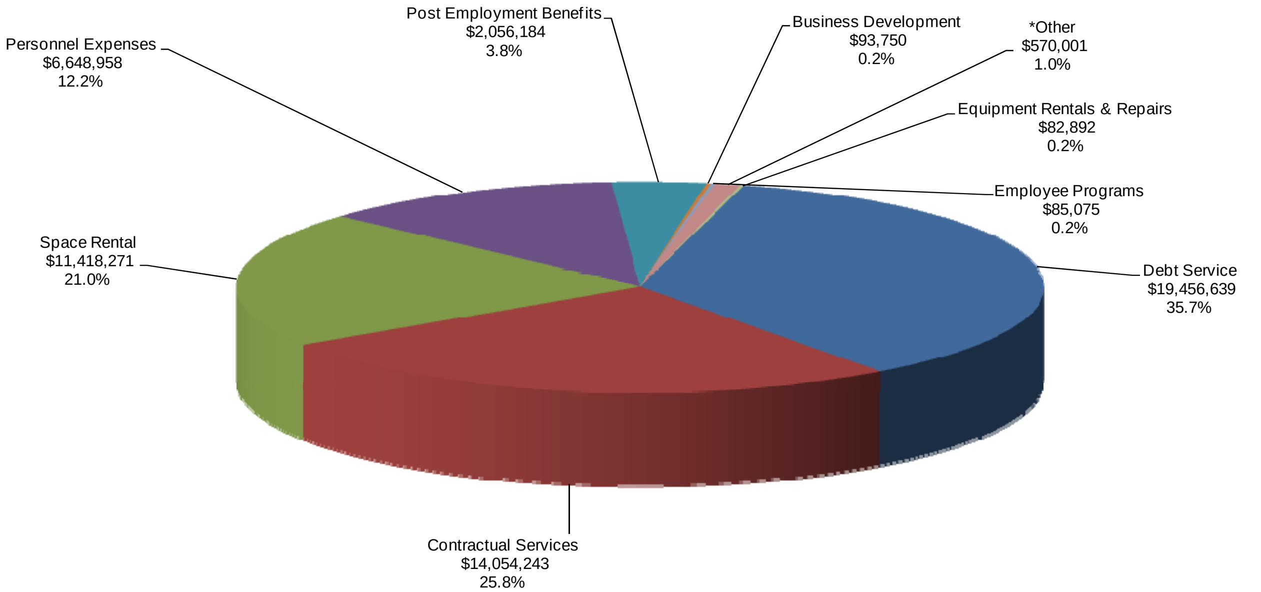
Figure 36 – FY 2012 Expense Budget by Category

Finance Division

FY 2012 – FY 2013 Expense Budget by Category (cont.)

Category	FY 2013 Conceptual Budget
Debt Service	$ 19,456,639
Contractual Services	14,054,243
Space Rental	11,418,271
Personnel Expenses	6,648,958
Post Employment Benefits	2,056,184
*Other	570,001
Business Development	93,750
Employee Programs	85,075
Equipment Rentals & Repairs	82,892
Total	**$ 54,466,013**

** Category totals may differ due to rounding*

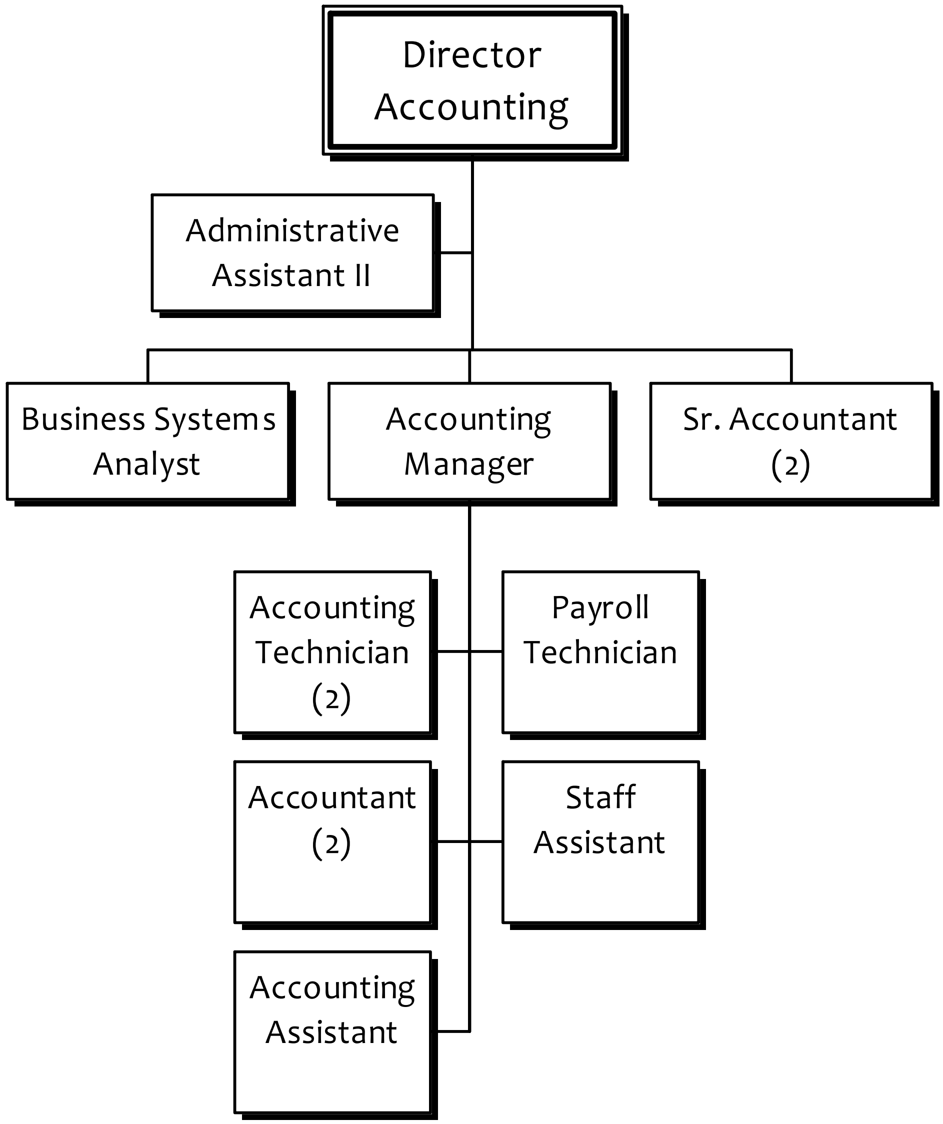


*Other includes utilities, maintenance, operating equipment & systems, operating supplies

Figure 37 – FY 2013 Expense Budget by Category

Accounting

FY 2012 – FY 2013 Organizational Structure



** No personnel changes planned for FY 2013*

Accounting

FY 2012 – FY 2013 Expense Budget Summary

	FY 2010 Actuals	FY 2011 Amended Budget	FY 2012 Conceptual Budget	FY 2012 Budget	Inc/(Dec) FY12 vs FY11 Amended	% Change	Inc/(Dec) FY12 vs FY12 Conceptual	% Change	FY 2013 Conceptual Budget	Inc/(Dec) FY13 Conceptual vs FY12	% Change
Operating Expenses:											
Personnel Expenses											
Salaries and Wages	$ 795,035	$ 793,250	$ 793,250	$ 810,788	$ 17,538	2.2%	$ 17,538	2.2%	$ 863,654	$ 52,865	6.5%
Premium Overtime	2,802	7,568	7,568	7,568	-	0.0%	-	0.0%	7,568	-	0.0%
Employee Benefits	338,003	400,621	470,776	427,520	26,899	6.7%	(43,256)	-9.2%	459,225	31,705	7.4%
Subtotal	1,135,840	1,201,439	1,271,594	1,245,875	44,437	3.7%	(25,719)	-2.0%	1,330,445	84,570	6.8%
Less: Capitalized Labor	-	-	-	-	-	0.0%	-	0.0%	-	-	0.0%
Total Personnel Expenses	**1,135,840**	**1,201,439**	**1,271,594**	**1,245,875**	**44,437**	**3.7%**	**(25,719)**	**-2.0%**	**1,330,445**	**84,570**	**6.8%**
Non-Personnel Expenses											
Contractual Services	283,247	316,000	366,000	374,000	58,000	18.4%	8,000	2.2%	173,000	(201,000)	-53.7%
Safety and Security	-	-	-	-	-	0.0%	-	0.0%	-	-	0.0%
Space Rental	-	-	-	-	-	0.0%	-	0.0%	-	-	0.0%
Utilities	-	-	-	-	-	0.0%	-	0.0%	-	-	0.0%
Maintenance	-	-	-	-	-	0.0%	-	0.0%	-	-	0.0%
Operating Equipment & Systems	(220)	2,000	2,000	2,000	-	0.0%	-	0.0%	2,000	-	0.0%
Operating Supplies	10,255	12,000	12,000	10,800	(1,200)	-10.0%	(1,200)	-10.0%	10,800	-	0.0%
Insurance	-	-	-	-	-	0.0%	-	0.0%	-	-	0.0%
Employee Programs	9,405	9,800	9,800	9,400	(400)	-4.1%	(400)	-4.1%	9,400	-	0.0%
Business Development	(291,619)	55,000	55,000	29,100	(25,900)	-47.1%	(25,900)	-47.1%	29,100	-	0.0%
Equipment Rentals & Repairs	-	-	-	-	-	0.0%	-	0.0%	50,000	50,000	0.0%
Total Non-Personnel Expenses	**11,068**	**394,799**	**444,800**	**425,300**	**30,501**	**7.7%**	**(19,500)**	**-4.4%**	**274,300**	**(151,000)**	**-35.5%**
Total Operating Expenses	**1,146,910**	**1,596,240**	**1,716,394**	**1,671,176**	**74,937**	**4.7%**	**(45,218)**	**-2.6%**	**1,604,746**	**(66,430)**	**-4.0%**
Total Non-Operating Expenses	**-**	**-**	**-**	**-**	**-**	**0.0%**	**-**	**0.0%**	**-**	**-**	**0.0%**
Total Expenses	**1,146,910**	**1,596,240**	**1,716,394**	**1,671,176**	**74,937**	**4.7%**	**(45,218)**	**-2.6%**	**1,604,746**	**(66,430)**	**-4.0%**
Equipment Outlay	**-**	**-**	**250,000**	**-**	**-**	**0.0%**	**(250,000)**	**-100.0%**	**-**	**-**	**0.0%**
Total Dept Expenses incl Equip Outlay	**$ 1,146,910**	**$ 1,596,240**	**$ 1,966,394**	**$ 1,671,176**	**$ 74,937**	**4.7%**	**$ (295,218)**	**-15.0%**	**$ 1,604,746**	**$ (66,430)**	**-4.0%**

Accounting
Major Drivers of FY 2012 – FY 2013 Budget Increase / (Decrease)

	Inc/(Dec) FY12 vs FY11 Amended	Inc/(Dec) FY12 vs FY12 Conceptual	Inc/(Dec) FY13 Conceptual vs FY12
FY 2011 Amended Budget / FY 2012 Conceptual / FY 2012 Budget	**$ 1,596,240**	**$ 1,966,394**	**$ 1,671,176**
Personnel costs			
Burden (benefits & employer taxes) increase for current staff	26,899	(43,256)	31,705
Salary adjustments / FY 12 Addition of 1 Accountant	17,537	17,538	52,865
Total Increase /(Decrease) in personnel costs	**44,436**	**(25,718)**	**84,570**
Increase/(Decrease) in Auditing Services	125,000	125,000	(135,000)
(Decrease) in equipment outlay	-	(250,000)	-
Increase in Computer&Licenses Agreements	-	-	50,000
(Decrease) in allowances for bed debts	(25,000)	(25,000)	-
(Decrease) in use of outside professional consultants	(65,000)	(115,000)	(60,000)
Other, net	(4,500)	(4,500)	(6,000)
Total Increase / (Decrease) in non-personnel costs	**30,500**	**(269,500)**	**(151,000)**
Total Increase / (Decrease)	**74,936**	**(295,218)**	**(66,430)**
FY 2012 Budget / FY 2013 Conceptual Budget	**$ 1,671,176**	**$ 1,671,176**	**$ 1,604,746**

Accounting
Departmental Objectives

FY 2011 Progress Report

1. **Complete E-1 Implementation Program to include reporting and update procedure by June 30, 2011.**

   Progress: Completed with no interruption or complication to stakeholder operations.

   Sustainability Goal: Operational Excellence.

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

   Fiscal Year: 2011. **Continue during 2012?** Yes.

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

   Progress: Implemented refined contract entry to comply with internal audit findings.

   Sustainability Goal: Social Responsibility.

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

   Fiscal Year: 2011. **Continue during 2012?** Yes.

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

   Progress: No turnover except for a retirement.

   Sustainability Goal: Social Responsibility.

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

   Fiscal Year: 2011. **Continue during 2012?** Yes.

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

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

   Sustainability Goal: Operational Excellence.

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

   Fiscal Year: 2011. **Continue during 2012?** Yes.

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

   Progress: Developed additional reporting to enhance accuracy and automation.

   Sustainability Goal: Social Responsibility.

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

   Fiscal Year: 2011. **Continue during 2012?** Yes.

6. **Improve overall staff knowledge of the Preferred Strategies through ongoing individual and group training sessions.**

   Progress: Sessions to continue to engage staff and demonstrate new updates.

   Sustainability Goal: Social Responsibility.

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

   Fiscal Year: 2011. **Continue during 2012?** Yes.

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

   Progress: Increased coordination and education with stakeholders to refine processes.

   Sustainability Goal: Operational Excellence.

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

   Fiscal Year: 2011. **Continue during 2012?** Yes.

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

   Progress: Implemented successfully.

   Sustainability Goal: Operational Excellence.

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

   Fiscal Year: 2011. **Continue during 2012?** Yes.

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

   Progress: As this is primarily a cosmetic redesign of an established system, updates will be implemented when technologically stable designs become available.

   Sustainability Goal: Social Responsibility.

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

   Fiscal Year: 2011. **Continue during 2012?** Yes.

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

    Progress: Provided accrual reporting to key stakeholders.

    Sustainability Goal: Operational Excellence.

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

    Fiscal Year: 2011. **Continue during 2012?** Yes.

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

    Progress: Was not applicable to SDIA

    Sustainability Goal: Economic Viability.

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

    Fiscal Year: 2011. **Continue during 2012?** Yes.

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

    Progress: Continued to gain knowledge of the requirements.

    Sustainability Goal: Economic Viability.

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

    Fiscal Year: 2011. **Continue during 2012?** Yes.

Accounting Department
Departmental Objectives

FY 2012 – 2013 Objectives

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

   Sustainability Goal: Economic Viability, Operational Excellence

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

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

   Sustainability Goal: Economic Viability, Operational Excellence

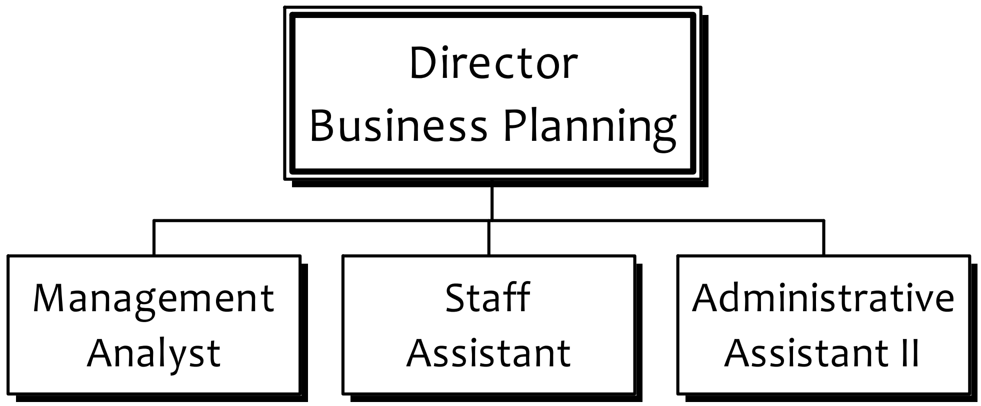
   Authority Strategy: Strategy #1: Enhance the financial position of the Authority. Strategy #2: Achieve the highest level of internal and external customer satisfaction.

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

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

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

Business Planning
FY 2012 – FY 2013 Organizational Structure



** No personnel changes planned for FY 2013*

Business Planning

FY 2012 – FY 2013 Expense Budget Summary

	FY 2010 Actuals	FY 2011 Amended Budget	FY 2012 Conceptual Budget	FY 2012 Budget	Inc/(Dec) FY12 vs FY11 Amended	% Change	Inc/(Dec) FY12 vs FY12 Conceptual	% Change	FY 2013 Conceptual Budget	Inc/(Dec) FY13 Conceptual vs FY12	% Change
Operating Expenses:											
Personnel Expenses											
Salaries and Wages	$ 283,492	$ 281,288	$ 281,288	$ 286,750	$ 5,462	1.9%	$ 5,462	1.9%	$ 295,353	$ 8,603	3.0%
Premium Overtime	-	2,500	2,500	-	(2,500)	-100.0%	(2,500)	-100.0%	-	-	0.0%
Employee Benefits	126,892	145,624	169,196	143,262	(2,362)	-1.6%	(25,934)	-15.3%	154,185	10,923	7.6%
Subtotal	410,385	429,411	452,983	430,013	602	0.1%	(22,970)	-5.1%	449,538	19,525	4.5%
Less: Capitalized Labor	-	-	-	-	-	0.0%	-	0.0%	-	-	0.0%
Total Personnel Expenses	**410,385**	**429,411**	**452,983**	**430,013**	**602**	**0.1%**	**(22,970)**	**-5.1%**	**449,538**	**19,525**	**4.5%**
Non-Personnel Expenses											
Contractual Services	1,228	2,000	-	-	(2,000)	-100.0%	-	0.0%	-	-	0.0%
Safety and Security	-	-	-	-	-	0.0%	-	0.0%	-	-	0.0%
Space Rental	-	-	-	-	-	0.0%	-	0.0%	-	-	0.0%
Utilities	-	1,000	1,000	1,000	-	0.0%	-	0.0%	1,000	-	0.0%
Maintenance	-	-	-	-	-	0.0%	-	0.0%	-	-	0.0%
Operating Equipment & Systems	1,088	-	-	1,000	1,000	0.0%	1,000	0.0%	1,000	-	0.0%
Operating Supplies	1,245	3,000	3,000	2,000	(1,000)	-33.3%	(1,000)	-33.3%	2,000	-	0.0%
Insurance	-	-	-	-	-	0.0%	-	0.0%	-	-	0.0%
Employee Programs	10,329	11,500	7,500	8,000	(3,500)	-30.4%	500	6.7%	8,000	-	0.0%
Business Development	889	5,500	1,500	2,250	(3,250)	-59.1%	750	50.0%	2,250	-	0.0%
Equipment Rentals & Repairs	26,013	22,000	22,000	-	(22,000)	-100.0%	(22,000)	-100.0%	-	-	0.0%
Total Non-Personnel Expenses	**40,792**	**45,000**	**35,000**	**14,250**	**(30,750)**	**-68.3%**	**(20,750)**	**-59.3%**	**14,250**	**-**	**0.0%**
Total Operating Expenses	**451,177**	**474,411**	**487,983**	**444,262**	**(30,149)**	**-6.4%**	**(43,721)**	**-9.0%**	**463,787**	**19,525**	**4.4%**
Total Non-Operating Expenses	**-**	**-**	**-**	**-**	**-**	**0.0%**	**-**	**0.0%**	**-**	**-**	**0.0%**
Total Expenses	**451,177**	**474,411**	**487,983**	**444,262**	**(30,149)**	**-6.4%**	**(43,721)**	**-9.0%**	**463,787**	**19,525**	**4.4%**
Equipment Outlay	**-**	**-**	**-**	**-**	**-**	**0.0%**	**-**	**0.0%**	**-**	**-**	**0.0%**
Total Dept Expenses incl Equip Outlay	**$ 451,177**	**$ 474,411**	**$ 487,983**	**$ 444,262**	**$ (30,149)**	**-6.4%**	**$ (43,721)**	**-9.0%**	**$ 463,787**	**$ 19,525**	**4.4%**

Business Planning
Major Drivers of FY 2012 – FY 2013 Budget Increase / (Decrease)

	Inc/(Dec) FY12 vs FY11 Amended	Inc/(Dec) FY12 vs FY12 Conceptual	Inc/(Dec) FY13 Conceptual vs FY12
FY 2011 Amended Budget / FY 2012 Conceptual / FY 2012 Budget	**$ 474,411**	**$ 487,983**	**$ 444,262**
Personnel costs			
Salary adjustments	2,962	2,962	8,603
Burden (benefits & employer taxes) increase for current staff	(2,362)	(25,934)	10,923
Total Increase / (Decrease) in personnel costs	**600**	**(22,971)**	**19,525**
(Decrease) in services - other professional	(2,000)	-	-
Increase / (Decrease) in promotional activities and materials	(3,000)	1,000	-
(Decrease) in Computer Licenses and Agreements	(22,000)	(22,000)	-
Other, net	(3,749)	250	-
Total Decrease in non-personnel costs	**(30,749)**	**(20,750)**	**-**
Total Increase / (Decrease)	**(30,149)**	**(43,721)**	**19,525**
FY 2012 Budget / FY 2013 Conceptual Budget	**$ 444,262**	**$ 444,262**	**$ 463,787**

Business Planning
Departmental Objectives

FY 2011 Progress Report

1. **Throughout FY 2010, document, communicate, and implement the Authority's major sustainability initiatives: 1) consult with executive management to define key goals, strategies, and success factors; 2) develop sustainable Business Plan(s) working with accountable divisional management; 3) conduct management forums and employee educational events; 4) disseminate informational and collateral materials; 5) develop appropriate performance measures, progress updates, and management reviews; and 6) coordinate and implement sustainability initiatives with external agency representatives.**

   Progress: Ongoing. The following initiatives were addressed:

   - Major sustainability performance measures defined and collected
   - Waste Reduction/Recycling team chartered to identify methods and process to improve recycling and minimize landfill waste
   - Total Cost of Ownership (Life Cycle management) cost structure defined and piloted

   Sustainability Goal: Operational Excellence.

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

   Fiscal Year: 2011. **Continue in 2012?** Yes.

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

   Progress: Ongoing. The following processes were assessed and defined:

   - Waste Reduction/Recycling
   - Airport Rules and Regulations revisions
   - Airport Lost and Found process
   - Tenant Advisory notification process
   - TDP/Green Build Concept of Operations document
   - Business document control and management process
   - Business Continuity Plan capability expanded to include catastrophic (Level 3) business disruptions

   Sustainability Goal: Operational Excellence.

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

   Fiscal Year: 2011. **Continue in 2012?** Yes.

3. **Throughout FY 2010, implement, manage, and report on the Authority's three-year planning objectives to continually build a culture of performance excellence and organizational effectiveness. Work with the Senior Management staff to refine the Authority's strategic business planning process and document the key planning criteria.**

   Progress: Ongoing. The following objectives were met:

   - Business case methodology for evaluating project requirements established
   - Major program management/project tracking process established
   - Project decision methodology proposed
   - Workforce planning process

   Sustainability Goal: Operational Excellence.

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

   Fiscal Year: 2011. Continue in 2012? Yes.

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

   Progress: Ongoing. The following were developed and implemented:

   - Continued refinement of the dashboard content and key performance measures
   - Initial pilot of new performance measurement system software

   Sustainability Goal: Operational Excellence.

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

   Fiscal Year: 2011. **Continue in 2012?** Yes.

Business Planning
Departmental Objectives

FY 2012 – FY 2013 Objectives

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

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

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

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

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

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

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

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

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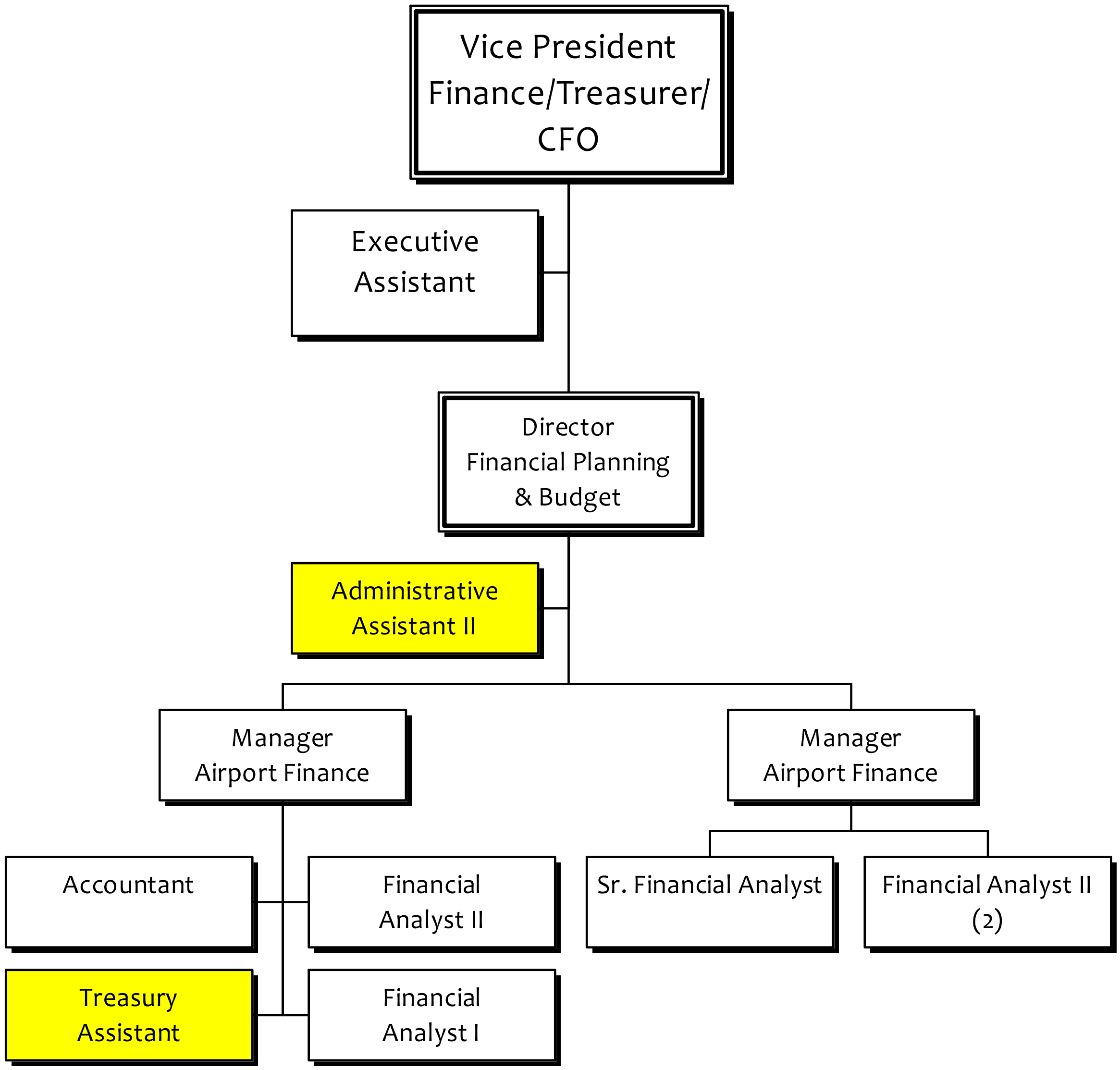
Financial Planning & Budget
FY 2012 – FY 2013 Organizational Structure



** No personnel changes planned for FY 2013*
** Unfunded positions shown in yellow*

Financial Planning & Budget

FY 2012 – FY 2013 Expense Budget Summary

	FY 2010 Actuals	FY 2011 Amended Budget	FY 2012 Conceptual Budget	FY 2012 Budget	Inc/(Dec) FY12 vs FY11 Amended	% Change	Inc/(Dec) FY12 vs FY12 Conceptual	% Change	FY 2013 Conceptual Budget	Inc/(Dec) FY13 Conceptual vs FY12	% Change
Operating Expenses:											
Personnel Expenses											
Salaries and Wages	$ 1,038,681	$ 1,026,971	$ 1,026,971	$ 1,035,899	$ 8,929	0.9%	$ 8,929	0.9%	$ 1,068,539	$ 32,640	3.2%
Premium Overtime	252	3,500	3,500	-	(3,500)	-100.0%	(3,500)	-100.0%	-	-	0.0%
Employee Benefits	415,236	471,729	542,764	461,878	(9,851)	-2.1%	(80,886)	-14.9%	493,961	32,084	6.9%
Subtotal	1,454,167	1,502,199	1,573,235	1,497,777	(4,422)	-0.3%	(75,458)	-4.8%	1,562,500	64,723	4.3%
Less: Capitalized Labor	-	-	-	-	-	0.0%	-	0.0%	-	-	0.0%
Total Personnel Expenses	**1,454,167**	**1,502,199**	**1,573,235**	**1,497,777**	**(4,422)**	**-0.3%**	**(75,458)**	**-4.8%**	**1,562,500**	**64,723**	**4.3%**
Non-Personnel Expenses											
Contractual Services	459,572	374,200	342,700	350,150	(24,050)	-6.4%	7,450	2.2%	329,250	(20,900)	-6.0%
Safety and Security	-	-	-	-	-	0.0%	-	0.0%	-	-	0.0%
Space Rental	-	-	-	-	-	0.0%	-	0.0%	-	-	0.0%
Utilities	-	1,350	1,350	1,000	(350)	-25.9%	(350)	-25.9%	1,000	-	0.0%
Maintenance	-	-	-	-	-	0.0%	-	0.0%	-	-	0.0%
Operating Equipment & Systems	7,629	2,000	2,000	3,500	1,500	75.0%	1,500	75.0%	3,500	-	0.0%
Operating Supplies	9,114	12,000	12,000	9,000	(3,000)	-25.0%	(3,000)	-25.0%	9,000	-	0.0%
Insurance	-	-	-	-	-	0.0%	-	0.0%	-	-	0.0%
Employee Programs	33,714	29,975	29,975	28,625	(1,350)	-4.5%	(1,350)	-4.5%	28,625	-	0.0%
Business Development	14,463	16,100	16,100	10,900	(5,200)	-32.3%	(5,200)	-32.3%	10,900	-	0.0%
Equipment Rentals & Repairs	-	500	500	-	(500)	-100.0%	(500)	-100.0%	-	-	0.0%
Total Non-Personnel Expenses	**524,493**	**436,125**	**404,625**	**403,175**	**(32,950)**	**-7.6%**	**(1,450)**	**-0.4%**	**382,275**	**(20,900)**	**-5.2%**
Total Operating Expenses	**1,978,661**	**1,938,325**	**1,977,860**	**1,900,952**	**(37,373)**	**-1.9%**	**(76,908)**	**-3.9%**	**1,944,775**	**43,823**	**2.3%**
Total Non-Operating Expenses	**-**	**-**	**-**	**-**	**-**	**0.0%**	**-**	**0.0%**	**-**	**-**	**0.0%**
Total Expenses	**1,978,661**	**1,938,325**	**1,977,860**	**1,900,952**	**(37,373)**	**-1.9%**	**(76,908)**	**-3.9%**	**1,944,775**	**43,823**	**2.3%**
Equipment Outlay	**-**	**-**	**-**	**-**	**-**	**0.0%**	**-**	**0.0%**	**-**	**-**	**0.0%**
Total Dept Expenses incl Equip Outlay	**$ 1,978,661**	**$ 1,938,325**	**$ 1,977,860**	**$ 1,900,952**	**$ (37,373)**	**-1.9%**	**$ (76,908)**	**-3.9%**	**$ 1,944,775**	**$ 43,823**	**2.3%**

Financial Planning & Budget

Major Drivers of FY 2012 – FY 2013 Budget Increase / (Decrease)

	Inc/(Dec) FY12 vs FY11 Amended	Inc/(Dec) FY12 vs FY12 Conceptual	Inc/(Dec) FY13 Conceptual vs FY12
FY 2011 Amended Budget / FY 2012 Conceptual / FY 2012 Budget	**$ 1,938,327**	**$ 1,977,860**	**$ 1,900,952**
Personnel costs			
Salary adjustments	5,394	5,395	32,674
Burden (benefits & employer taxes) increase for current staff	(9,853)	(80,886)	32,084
Total Increase / (Decrease) in personnel costs	**(4,459)**	**(75,492)**	**64,757**
(Decrease) in office and operating supplies	(3,000)	(3,000)	-
(Decrease) in use of temporary personnel	(6,000)	-	-
Increase / (Decrease) in use of outside professional consultants and other services	(18,050)	7,450	(20,900)
Other, net	(5,866)	(5,866)	(34)
Total (Decrease) in non-personnel costs	**(32,916)**	**(1,416)**	**(20,934)**
Total Increase / (Decrease)	**(37,375)**	**(76,908)**	**43,823**
FY 2012 Budget / FY 2013 Conceptual Budget	**$ 1,900,952**	**$ 1,900,952**	**$ 1,944,775**

Financial Planning & Budget
Departmental Objectives

FY 2011 Progress Report

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

   Progress: An effort was undertaken to evaluate alternatives to the current manual-entry spreadsheet-based management and reporting of capital project funding sources. Possible database alternatives that would provide an auditable record of funding source usage as well as flexible reporting capabilities were identified. However, budget constraints do not allow for funding and implementation of this effort at this time. Alternatives will be revisited in the event additional budget becomes available.

   Sustainability Goal: Social Responsibility.

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

   Fiscal Year: 2011. **Continue in 2012?** No.

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

   Progress: The Authority successfully issued approximately $573 million of fixed rate Airport System Revenue Bonds on October 5, 2010 to provide partial funding for the Green Build and Capital Improvement Programs and to refund existing commercial paper. The bonds refunded all but approximately $22 million of commercial paper outstanding.

   Sustainability Goal: Economic Viability.

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

   Fiscal Year: 2011. **Continue in 2012?** No.

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

   Progress: In addition to the savings from non-replacement of one FTE position due to attrition, 51 hours of savings each month have been achieved through increased efficiencies, elimination of redundant tasks, and refinements in procedures.

   Sustainability Goal: Economic Viability, Operational Excellence.

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

   Fiscal Year: 2011. **Continue in 2012?** No.

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

   Progress: Progress was made on the goal; however, budget constraints have limited the scope and have indefinitely suspended substantial work on the budget system enhancements. Goal will be postponed until there is adequate budget to continue.

   Sustainability Goal: Operational Excellence.

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

   Fiscal Year: 2011. **Continue in 2012?** No.

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

   Progress: The set up of benefits & taxes (FICA/Medicare, retirement, etc.) business functions and "one employee/position calculation" business function for two fiscal years for personnel budget calculations was completed. Budget constraints will limit further efforts for enhancement and the goal will be postponed until there is adequate budget to continue.

   Sustainability Goal: Economic Viability, Operational Excellence.

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

   Fiscal Year: 2011. **Continue in 2012?** No.

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

   Progress: The parking revenue forecast model was enhanced by increasing the level of detail provided. For example, all off-airport parking lots were segregated by short-term and long-term parking and on-airport parking was segregated by terminals. In addition, substantial progress was made on development of a model to forecast the impact of the concession development program. Finally, minor forecasting and reporting enhancements were made to the air traffic forecasting and rates, fees, and charges models.

   Sustainability Goal: Economic Viability, Operational Excellence.

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

   Fiscal Year: 2011. **Continue in 2012?** Yes.

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

   Progress: Substantially complete. All budget, forecasting, and rates, fees, and charges responsibilities have redundancy, as well as responsibilities for cash and investments, debt financing, and funding control. Responsibilities for management of grants and PFCs have some redundant expertise, but require further cross-training.

   Sustainability Goal: Social Responsibility, Operational Excellence.

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

   Fiscal Year: 2011. **Continue in 2012?** Yes.

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

   Progress: A strategy for a robust plan of finance which supports not only the current $1 billion Green Build and Capital Improvement Program, but also master plan elements that have advanced from a conceptual to implementation stage.

   Sustainability Goal: Economic Viability, Operational Excellence.

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

   Fiscal Year: 2011. **Continue in 2012?** No.

Financial Planning & Budget
Departmental Objectives

FY 2012 – FY 2013 Objectives

1. **Improve efficiency, analysis, and reporting capabilities through enhancement of existing financial models and development of new financial models for new programs by June 30, 2012.**

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

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

2. **Identify critical departmental functions and develop redundant expertise for those functions through cross-training and procedure documentation by June 30, 2012.**

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

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

3. **Collaborate with Green Build program to ensure alignment of funding sources with costs and jointly develop periodic reports which provide adequate financial information and status on at least a quarterly basis.**

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

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

4. **Support Concession Development Program (CDP) financial analysis needs and refine financial forecasting models by March 31, 2012.**

   Sustainability Goal: Economic Viability, Operational Excellence.

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

5. **Increase FP&B department involvement and visibility through inter-departmental coordination leading to at least five financial analyses by June 30, 2012 which support business cases to be used by executive staff for decision making.**

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

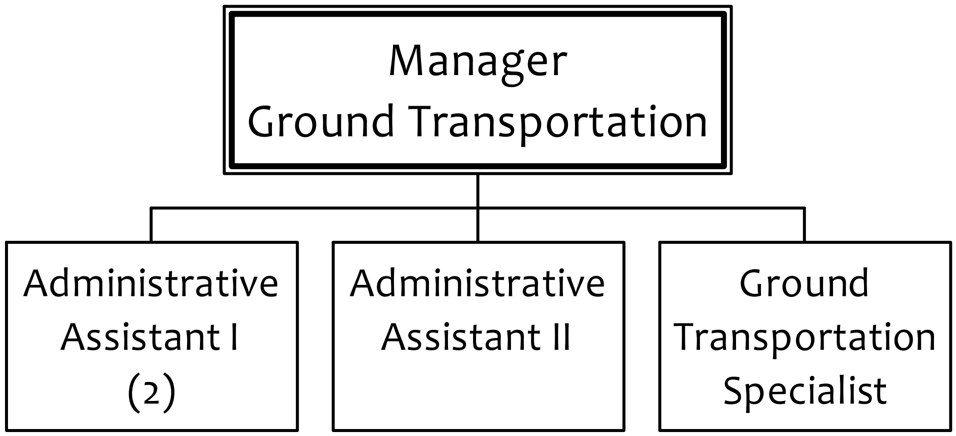
   Authority Strategy: Strategy #1: Enhance the financial position of the Authority. Strategy #2: Achieve the highest level of internal and external customer satisfaction. Strategy #4: Ensure the highest level of employee satisfaction.

6. **Enhance grants management by: 1) expanding external networking and internal engagement to develop additional grant opportunities; 2) providing or facilitating internal training on grant assurances and regulations; and 3) incorporating “best practices” checklists throughout the life-cycle of each grant (i.e. identification, application, reimbursement, and closeout).**

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

   Authority Strategy: Strategy #1: Enhance the financial position of the Authority. Strategy #2: Achieve the highest level of internal and external customer satisfaction. Strategy #4: Ensure the highest level of employee satisfaction.

Ground Transportation
FY 2012 – FY 2013 Organizational Structure



** No personnel changes planned for FY 2013*

Ground Transportation
FY 2012 – FY 2013 Expense Budget Summary

	FY 2010 Actuals	FY 2011 Amended Budget	FY 2012 Conceptual Budget	FY 2012 Budget	Inc/(Dec) FY12 vs FY11 Amended	% Change	Inc/(Dec) FY12 vs FY12 Conceptual	% Change	FY 2013 Conceptual Budget	Inc/(Dec) FY13 Conceptual vs FY12	% Change
Operating Expenses:											
Personnel Expenses											
Salaries and Wages	$ 200,781	$ 270,622	$ 270,622	$ 265,054	$ (5,568)	-2.1%	$ (5,568)	-2.1%	$ 273,006	$ 7,952	3.0%
Premium Overtime	10,526	2,000	2,000	2,000	-	0.0%	-	0.0%	2,000	-	0.0%
Employee Benefits	95,892	139,640	164,128	133,113	(6,527)	-4.7%	(31,016)	-18.9%	143,118	10,005	7.5%
Subtotal	307,199	412,262	436,751	400,167	(12,095)	-2.9%	(36,584)	-8.4%	418,124	17,956	4.5%
Less: Capitalized Labor	-	-	-	-	-	0.0%	-	0.0%	-	-	0.0%
Total Personnel Expenses	**307,199**	**412,262**	**436,751**	**400,167**	**(12,095)**	**-2.9%**	**(36,584)**	**-8.4%**	**418,124**	**17,956**	**4.5%**
Non-Personnel Expenses											
Contractual Services	11,589,067	10,711,770	10,828,970	12,108,568	1,396,798	13.0%	1,279,598	11.8%	12,280,376	171,808	1.4%
Safety and Security	-	-	-	-	-	0.0%	-	0.0%	-	-	0.0%
Space Rental	-	-	-	-	-	0.0%	-	0.0%	-	-	0.0%
Utilities	-	-	-	-	-	0.0%	-	0.0%	-	-	0.0%
Maintenance	-	-	-	-	-	0.0%	-	0.0%	-	-	0.0%
Operating Equipment & Systems	4,165	1,000	1,000	800	(200)	-20.0%	(200)	-20.0%	800	-	0.0%
Operating Supplies	12,122	15,000	15,500	12,000	(3,000)	-20.0%	(3,500)	-22.6%	12,000	-	0.0%
Insurance	-	-	-	-	-	0.0%	-	0.0%	-	-	0.0%
Employee Programs	8,086	7,250	7,360	7,550	300	4.1%	190	2.6%	7,550	-	0.0%
Business Development	7,793	13,770	15,030	14,500	730	5.3%	(530)	-3.5%	14,500	-	0.0%
Equipment Rentals & Repairs	1,902	-	-	-	-	0.0%	-	0.0%	-	-	0.0%
Total Non-Personnel Expenses	**11,623,135**	**10,748,790**	**10,867,860**	**12,143,418**	**1,394,628**	**13.0%**	**1,275,558**	**11.7%**	**12,315,226**	**171,808**	**1.4%**
Total Operating Expenses	**11,930,334**	**11,161,052**	**11,304,611**	**12,543,586**	**1,382,533**	**12.4%**	**1,238,975**	**11.0%**	**12,733,350**	**189,764**	**1.5%**
Total Non-Operating Expenses	**-**	**-**	**-**	**-**	**-**	**0.0%**	**-**	**0.0%**	**-**	**-**	**0.0%**
Total Expenses	**11,930,334**	**11,161,052**	**11,304,611**	**12,543,586**	**1,382,533**	**12.4%**	**1,238,975**	**11.0%**	**12,733,350**	**189,764**	**1.5%**
Equipment Outlay	**-**	**-**	**-**	**-**	**-**	**0.0%**	**-**	**0.0%**	**-**	**-**	**0.0%**
Total Dept Expenses incl Equip Outlay	**$ 11,930,334**	**$ 11,161,052**	**$ 11,304,611**	**$ 12,543,586**	**$ 1,382,533**	**12.4%**	**$ 1,238,975**	**11.0%**	**$ 12,733,350**	**$ 189,764**	**1.5%**

Ground Transportation

Major Drivers of FY 2012 – FY 2013 Budget Increase / (Decrease)

	Inc/(Dec) FY12 vs FY11 Amended	Inc/(Dec) FY12 vs FY12 Conceptual	Inc/(Dec) FY13 Conceptual vs FY12
FY 2011 Amended Budget / FY 2012 Conceptual / FY 2012 Budget	**$ 11,161,052**	**$ 11,304,611**	**$ 12,543,586**
Personnel costs			
Burden (benefits & employer taxes) increase / (decrease) for current staff	(6,527)	(31,016)	10,005
Salary adjustments	(5,568)	(5,568)	7,952
Total Increase / (Decrease) in personnel costs	**(12,095)**	**(36,584)**	**17,956**
Increase in parking management contract	1,231,798	1,118,058	356,808
Increase / (Decrease) in use of outside professional consultants	165,000	161,540	(185,000)
Other, net	(2,170)	(4,040)	-
Total Increase in non-personnel costs	**1,394,628**	**1,275,558**	**171,808**
Total Increase	**1,382,534**	**1,238,975**	**189,764**
FY 2012 Budget / FY 2013 Conceptual Budget	**$ 12,543,586**	**$ 12,543,586**	**$ 12,733,350**

Ground Transportation
Departmental Objectives

FY 2011 Progress Report

1. **Increase vehicle compliance inspections to four per year.**

   Progress: This is an ongoing effort throughout the fiscal year. We have completed two inspections and will complete at least two more before the end of the year.

   Sustainability Goal: Operational Excellence.

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

   Fiscal Year: 2011. **Continue in 2012?** Yes, this effort will continue for each successive year.

2. **Implement findings of Ground Transportation Management Plan.**

   Progress: The findings of the CGTMP are being implemented.

   Sustainability Goal: Economic Viability, Operational Excellence.

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

   Fiscal Year: 2011. **Continue in 2012?** Yes, this effort will continue for each successive year.

3. **Implement new Parking Services Management and Shuttle Services Management contracts.**

   Progress: The documents are being readied for distribution and we anticipate selecting a parking contractor and having contracts signed before the end of the current fiscal year.

   Sustainability Goal: Economic Viability, Operational Excellence.

   Authority Strategy: Strategy #2: Anticipate and exceed both internal and external customer service expectations. Strategy #1: Enhance the financial position of the Authority.

   Fiscal Year: 2011. **Continue in 2012?** No, this effort should be completed by the end of the current fiscal year

Ground Transportation
Departmental Objectives

FY 2012 – FY 2013 Objectives

1. **Minimize wait times for taxicabs and implement Taxicab/VFH Memorandums of Agreement with industry associations. Success measured by average wait times of less than one-half hour by September 1, 2011. Conduct quarterly meetings with Association leadership and monitor compliance with rules and regulations through a code compliance officer.**

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

   Authority Strategy: Strategy #3: Operate our airport in a safe, secure, environmentally-sound, effective and efficient manner. Strategy #1: Enhance the financial position of the Authority. Strategy #5: Be a trusted and highly responsive regional agency. Strategy #2: Achieve the highest level of internal and external customer.

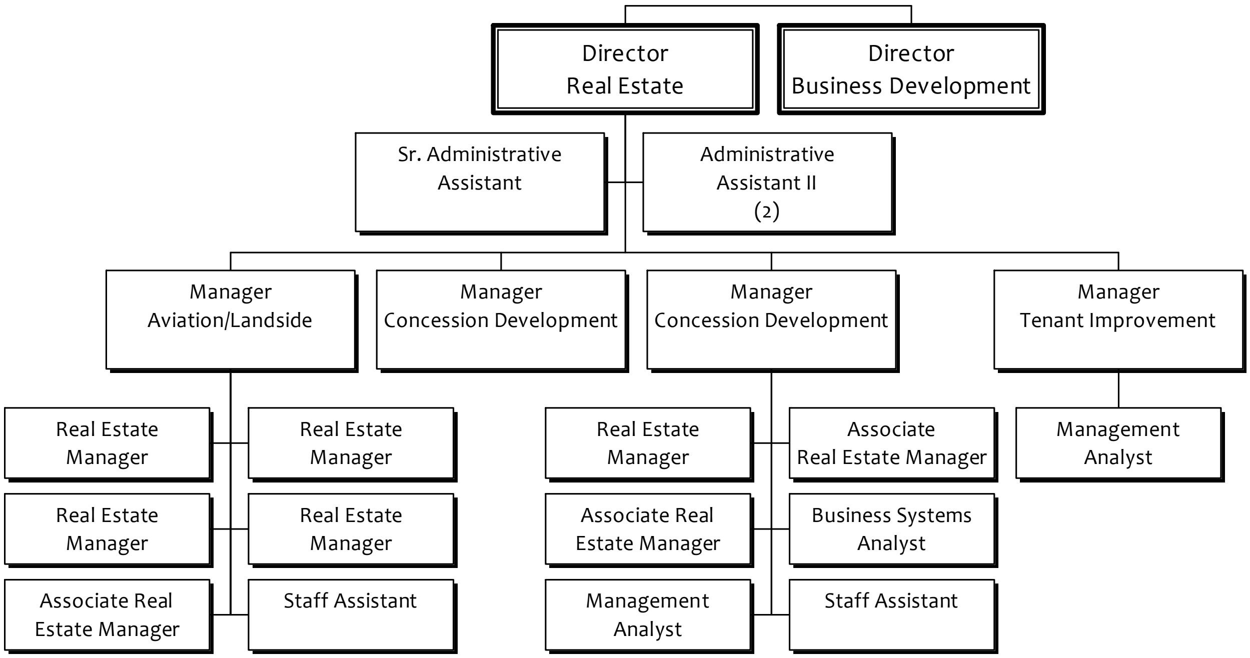
2. **Issue and enact Parking and Shuttle RFP's by September 1, 2011. Monitor financial performance of winning bidders and ensure companies are performing to customer service expectations through the use of secret shoppers and customer feedback.**
   Sustainability Goal: Economic Viability, Operational Excellence, Social Responsibility.

   Authority Strategy: Strategy #3: Operate our airport in a safe, secure, environmentally-sound, effective and efficient manner. Strategy #1: Enhance the financial position of the Authority. Strategy #5: Be a trusted and highly responsive regional agency. Strategy #2: Achieve the highest level of internal and external customer.

3. **Conduct four vehicle (taxicabs and vehicles for hire) inspections by June 30, 2012. Benchmark results to ensure vehicles and drivers meet known standards and expectations.**
   Sustainability Goal: Economic Viability, Operational Excellence, Social Responsibility.

   Authority Strategy: Strategy #3: Operate our airport in a safe, secure, environmentally-sound, effective and efficient manner. Strategy #1: Enhance the financial position of the Authority. Strategy #5: Be a trusted and highly responsive regional agency. Strategy #2: Achieve the highest level of internal and external customer.

Real Estate Management
FY 2012 – FY 2013 Organizational Structure



** No personnel changes planned for FY 2013*

Real Estate Management

FY 2012 – FY 2013 Expense Budget Summary

	FY 2010 Actuals	FY 2011 Amended Budget	FY 2012 Conceptual Budget	FY 2012 Budget	Inc/(Dec) FY12 vs FY11 Amended	% Change	Inc/(Dec) FY12 vs FY12 Conceptual	% Change	FY 2013 Conceptual Budget	Inc/(Dec) FY13 Conceptual vs FY12	% Change
Operating Expenses:											
Personnel Expenses											
Salaries and Wages	$ 1,330,799	$ 1,827,477	$ 1,827,477	$ 1,923,841	$ 96,365	5.3%	$ 96,365	5.3%	$ 1,981,557	$ 57,715	3.0%
Premium Overtime	347	-	-	-	-	0.0%	-	0.0%	-	-	0.0%
Employee Benefits	466,899	788,549	898,945	846,832	58,283	7.4%	(52,114)	-5.8%	906,794	59,963	7.1%
Subtotal	1,798,045	2,616,026	2,726,422	2,770,674	154,649	5.9%	44,252	1.6%	2,888,352	117,678	4.2%
Less: Capitalized Labor	*(8,590)*	-	-	-	-	0.0%	-	0.0%	-	-	0.0%
Total Personnel Expenses	**1,789,455**	**2,616,026**	**2,726,422**	**2,770,674**	**154,649**	**5.9%**	**44,252**	**1.6%**	**2,888,352**	**117,678**	**4.2%**
Non-Personnel Expenses											
Contractual Services	261,668	434,000	1,223,000	426,667	(7,333)	-1.7%	(796,333)	-65.1%	1,271,617	844,950	198.0%
Safety and Security	-	-	-	-	-	0.0%	-	0.0%	-	-	0.0%
Space Rental	10,905,599	10,904,139	10,904,779	11,415,145	511,006	4.7%	510,366	4.7%	11,418,271	3,126	0.0%
Utilities	-	-	-	500	500	0.0%	500	0.0%	500	-	0.0%
Maintenance	15,116	15,900	16,700	18,838	2,938	18.5%	2,138	12.8%	520,401	501,563	2662.5%
Operating Equipment & Systems	3,385	24,900	4,000	15,500	(9,400)	-37.8%	11,500	287.5%	1,000	(14,500)	-93.5%
Operating Supplies	5,774	7,500	7,000	6,000	(1,500)	-20.0%	(1,000)	-14.3%	5,000	(1,000)	-16.7%
Insurance	-	-	-	-	-	0.0%	-	0.0%	-	-	0.0%
Employee Programs	30,887	31,800	31,800	28,500	(3,300)	-10.4%	(3,300)	-10.4%	31,500	3,000	10.5%
Business Development	64,656	94,600	73,800	37,500	(57,100)	-60.4%	(36,300)	-49.2%	37,000	(500)	-1.3%
Equipment Rentals & Repairs	101,886	33,800	29,600	32,892	(908)	-2.7%	3,292	11.1%	32,892	-	0.0%
Total Non-Personnel Expenses	**11,388,971**	**11,546,639**	**12,290,679**	**11,981,542**	**434,903**	**3.8%**	**(309,137)**	**-2.5%**	**13,318,181**	**1,336,639**	**11.2%**
Total Operating Expenses	**13,178,426**	**14,162,665**	**15,017,101**	**14,752,215**	**589,550**	**4.2%**	**(264,886)**	**-1.8%**	**16,206,532**	**1,454,317**	**9.9%**
Total Non-Operating Expenses	**-**	**-**	**-**	**-**	**-**	**0.0%**	**-**	**0.0%**	**-**	**-**	**0.0%**
Total Expenses	**13,178,426**	**14,162,665**	**15,017,101**	**14,752,215**	**589,550**	**4.2%**	**(264,886)**	**-1.8%**	**16,206,532**	**1,454,317**	**9.9%**
Equipment Outlay	**-**	**-**	**-**	**-**	**-**	**0.0%**	**-**	**0.0%**	**-**	**-**	**0.0%**
Total Dept Expenses incl Equip Outlay	**$ 13,178,426**	**$ 14,162,665**	**$ 15,017,101**	**$ 14,752,215**	**$ 589,550**	**4.2%**	**$ (264,886)**	**-1.8%**	**$ 16,206,532**	**$ 1,454,317**	**9.9%**

Real Estate Management

Major Drivers of FY 2012 – FY 2013 Budget Increase / (Decrease)

	Inc/(Dec) FY12 vs FY11 Amended	Inc/(Dec) FY12 vs FY12 Conceptual	Inc/(Dec) FY13 Conceptual vs FY12
FY 2011 Amended Budget / FY 2012 Conceptual / FY 2012 Budget	**$ 14,162,665**	**$ 15,017,101**	**$ 14,752,215**
Personnel costs			
Salary adjustments	96,364	96,365	57,715
Burden (benefits & employer taxes) increase / (decrease) for current staff	58,283	(52,114)	59,963
Total Increase in personnel costs	**154,647**	**44,251**	**117,678**
Expiration of rent credit amortization	511,006	510,366	3,126
Increase / (Decrease) in use of outside professional consultants and other services	28,667	(706,333)	(15,000)
Increase in Concession Development Program (CDP) tenant support	2,938	2,138	501,563
Central Receiving and Distribution Center Operator	-	-	871,950
Increase / (Decrease) in equipment and systems	(9,400)	11,500	(14,500)
(Decrease) in travel business development	(12,600)	(800)	-
(Decrease) in advertising	(30,000)	(25,000)	-
(Decrease) in temporary personnel	(36,000)	(90,000)	(12,000)
Other, net	(19,708)	(11,008)	1,500
Total Increase / (Decrease) in non-personnel costs	**434,903**	**(309,137)**	**1,336,639**
Total Increase / (Decrease)	**589,550**	**(264,887)**	**1,454,317**
FY 2012 Budget / FY 2013 Conceptual Budget	**$ 14,752,215**	**$ 14,752,215**	**$ 16,206,532**

Real Estate Management
Departmental Objectives

FY 2011 Progress Report

1. **Continue the development and implementation of a comprehensive strategic plan for the Concessions Development Program, including release of Requests for Proposals in the third quarter of FY 2011 to completely revitalize all food, beverage, and retail concessions in all terminal facilities at SDIA.**

   Progress: This is an on-going effort to transition the current concession program from one master food & beverage tenant to multiple tenants. The Request for Proposals (RFP) was released in February 2011. Next steps will commence with RFP submittals in April and review thereof.

   Sustainability Goal: Economic Viability, Operational Excellence.

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

   Fiscal Year: 2011. **Continue in 2012?** Yes, but it will be updated to reflect progress to date.

2. **Lead project team to complete the Terminal 2 East expansion project design by fourth quarter FY 2011 to optimize non-airline revenue opportunities and enhance customer service by adding airline hold-room space, fine-tuning the allocation of food, beverage, and retail space in pre- and post-security concession locations, and enlarging public restrooms.**

   Progress: Design has continued throughout the fiscal year, as of February 2011, design is approximately fifty percent (50%) complete.

   Sustainability Goal: Economic Viability, Operational Excellence.

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

   Fiscal Year: 2011. **Continue in 2012?** Yes, but it will be updated to reflect progress to date.

3. **Initiate design of North Side Development components by fourth quarter FY 2011 including the site infrastructure, Consolidated Rental Car (CONRAC), air cargo, and general aviation facilities.**

   Progress: CONRAC design has advanced from programmatic to conceptual design. A strategic air cargo plan is being developed to identify equitable financing to support cargo development. Solicitations for a developer and operator of a Central Receiving and Distribution Center and general aviation facilities on the north side were released in February 2011.

   Sustainability Goal: Economic Viability, Operational Excellence.

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

   Fiscal Year: 2011. **Continue in 2012?** Yes, but it will be updated to reflect progress to date.

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

   Progress: Real Estate has actively participated in planning and design efforts related to the Green Build throughout the fiscal year including, but not limited to, integrating new stores into the facility as part of the Concession Development Program, gate allocation plans, and airline space allocations.

   Sustainability Goal: Economic Viability, Operational Excellence.

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

   Fiscal Year: 2011. **Continue in 2012?** Yes, but it will be updated to reflect progress to date.

Real Estate Management
Departmental Objectives

FY 2012 – 2013 Objectives

1. **Implement the Concession Development Program (CDP) elements planned for FY 2012-13, which includes the planning and coordination of tenant improvement build-outs of 50–80 stores as determined by the CDP phasing plan to completely revitalize all food, beverage, and retail concessions in all terminal facilities at SDIA through entire fiscal year.**

   Sustainability Goal: Economic Viability, Operational Excellence.

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

2. **Continue to work on terminal development by leading project teams for Terminal 2 East Expansion and Concession Infrastructure Upgrades in Commuter Terminal, Terminal 1, and Terminal 2 West (existing) throughout the fiscal year to optimize non-airline revenue opportunities and enhance customer service. Continue to support the Green Build by acting as liaison to tenant stakeholders and integrating new stores as part of the Concession Development Program, gate allocation plans, and airline space allocations.**

   Sustainability Goal: Economic Viability, Operational Excellence.

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

3. **Oversee SDIA North Side Development including completion of the Centralized Receiving and Distribution Center (CRDC), commencing construction of the Consolidated Rental Car (CONRAC) facility, and continuing development activities for air cargo and general aviation facilities by fourth quarter FY 2013.**

   Sustainability Goal: Economic Viability, Operational Excellence.

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

Marketing & Communications Division

Marketing & Communications Division

Overview

The Marketing & Communications Division is responsible for the marketing, route service development, customer service, inter-governmental relations, corporate and public notification services, and noise mitigation activities of the Airport and the Airport Authority. Its work is carried out through five departments.

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

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

The **Airport Noise Mitigation Department** administers the Federal Noise Compatibility Program and maintains compliance with the California Noise Standards. Additional services include:

- Monitoring and enforcing compliance with Airport Use Regulations
- Participation in the Residential Sound Attenuation ("Quieter Home") Program
- Leading the Community Noise Information and Education Program
- Staff support to the Authority Board's community noise advisory committee

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

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

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

The **Marketing Department** develops, implements, and manages marketing initiatives that result in increased air service and revenues. Its major responsibilities include:

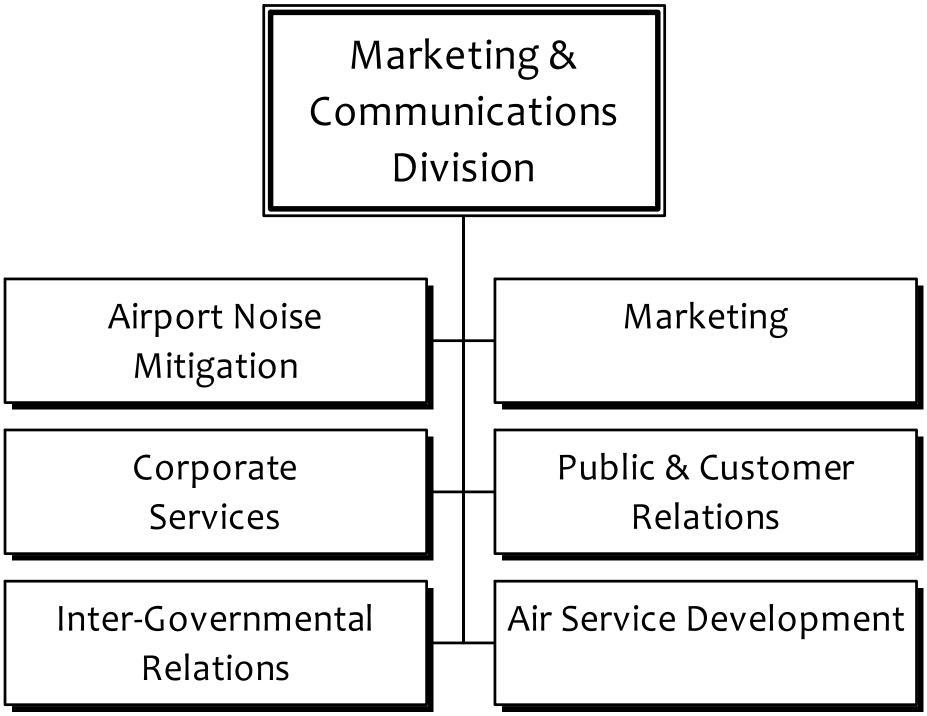
- Umbrella Marketing Plans for Authority initiatives (e.g. Quieter Home Program, SAN Park, Small Business Development and Green Build)
- Advertising, creative design and development, identity and brand development
- Collateral materials and publications
- Special events (i.e. new air service inaugurals, grand openings, conferences)
- Web site development, video production, and market research
- Regional partnerships and aviation education outreach
- Aviation Education
- Outreach and collaboration with regional partners [e.g. Chambers of Commerce, Convention and Visitors Bureau (CONVIS), Economic Development Corporation (EDC), World Trade Center (WTC), San Diego Convention Center Corporation (SDCCC)]

The **Public & Customer Relations Department** provides media and public relations, strategic counsel, community outreach, corporate and internal communications, crisis communications, social media and customer-related services for the Authority. Specific activities include:

- Crisis communications plan
- Press conferences & media event planning
- News releases & media advisories
- External and internal publications (i.e. Annual Report, Aviation Matters, SAN e-Newsletter, and e-JetStreams)
- Social media (employee blog [*Ambassablog.com*], Facebook, Twitter, e-Newsroom, text alerts)
- Speaker's Bureau & speechwriting
- Airport public tours
- Volunteer Airport Ambassador Program
- Customer satisfaction surveys
- Special services for the disabled
- Airport Art Program, including Visual and Performing Art
- Airport Advisory Committee coordination

Marketing & Communications Division

Organizational Structure



Personnel Summary

	FY 2010 Authorized & Funded Positions	FY 2011 Authorized & Funded Positions	FY 2012 Transfers	FY 2012 New/ (Eliminated) Positions	FY 2012 (Frozen)/ Unfrozen Positions	FY2012 Authorized & Funded Positions	FY 2013 New/ (Eliminated) Positions	FY 2013 (Frozen)/ Unfrozen Positions	FY2013 Authorized & Funded Positions
Marketing & Communications									
Corporate Services	7	7	-	-	-	7	-	-	7
Public and Customer Relations	9	9	-	-	-	9	-	-	9
Marketing and Advertising	10	8	-	-	-	8	-	-	8
Inter-governmental Relations	3	3	-	-	-	3	-	-	3
Noise Mitigation	4	4	-	-	-	4	-	-	4
Air Service Development	-	2	-	-	-	2	-	-	2
Total	**33**	**33**	**-**	**-**	**-**	**33**	**-**	**-**	**33**
Authorized and Unfunded Positions	1	1	-	-	-	1	-	-	1
Total Authorized Positions	**34**	**34**	**-**	**-**	**-**	**34**	**-**	**-**	**34**

Marketing & Communications Division

FY 2012 – FY 2013 Expense Budget Summary

	FY 2010 Actuals	FY 2011 Amended Budget	FY 2012 Conceptual Budget	FY 2012 Budget	Inc/(Dec) FY12 vs FY11 Amended	% Change	Inc/(Dec) FY12 vs FY12 Conceptual	% Change	FY 2013 Conceptual Budget	Inc/(Dec) FY13 Conceptual vs FY12	% Change
Operating Expenses:											
Personnel Expenses											
Salaries and Wages	$ 2,460,001	$ 2,612,917	$ 2,612,917	$ 2,600,975	$ (11,942)	-0.5%	$ (11,942)	-0.5%	$ 2,672,824	$ 71,849	2.8%
Premium Overtime	14,175	9,500	14,500	14,500	5,000	52.6%	-	0.0%	29,500	15,000	103.4%
Employee Benefits	999,130	1,206,723	1,381,478	1,208,807	2,084	0.2%	(172,671)	-12.5%	1,295,822	87,015	7.2%
Subtotal	3,473,306	3,829,140	4,008,895	3,824,281	(4,858)	-0.1%	(184,614)	-4.6%	3,998,146	173,864	4.5%
Less: Capitalized Labor	-	-	-	-	-	0.0%	-	0.0%	-	-	0.0%
Total Personnel Expenses	**3,473,306**	**3,829,140**	**4,008,895**	**3,824,281**	**(4,858)**	**-0.1%**	**(184,614)**	**-4.6%**	**3,998,146**	**173,864**	**4.5%**
Non-Personnel Expenses											
Contractual Services	3,857,667	3,198,856	3,005,700	2,404,700	(794,156)	-24.8%	(601,000)	-20.0%	2,471,200	66,500	2.8%
Safety and Security	-	-	-	-	-	0.0%	-	0.0%	-	-	0.0%
Space Rental	300	1,200	1,200	1,200	-	0.0%	-	0.0%	1,200	-	0.0%
Utilities	-	750	750	750	-	0.0%	-	0.0%	750	-	0.0%
Maintenance	511	-	-	-	-	0.0%	-	0.0%	-	-	0.0%
Operating Equipment & Systems	13,014	12,500	8,250	6,600	(5,900)	-47.2%	(1,650)	-20.0%	6,600	-	0.0%
Operating Supplies	23,234	28,600	37,200	21,500	(7,100)	-24.8%	(15,700)	-42.2%	22,000	500	2.3%
Insurance	-	-	-	-	-	0.0%	-	0.0%	-	-	0.0%
Employee Programs	155,221	186,030	231,080	157,916	(28,114)	-15.1%	(73,164)	-31.7%	164,116	6,200	3.9%
Business Development	1,697,251	1,391,805	1,524,760	1,594,305	202,500	14.5%	69,545	4.6%	2,044,180	449,875	28.2%
Equipment Rentals & Repairs	215,591	226,602	237,250	223,502	(3,100)	-1.4%	(13,748)	-5.8%	245,150	21,648	9.7%
Total Non-Personnel Expenses	**5,962,789**	**5,046,343**	**5,046,190**	**4,410,473**	**(635,870)**	**-12.6%**	**(635,717)**	**-12.6%**	**4,955,196**	**544,723**	**12.4%**
Total Operating Expenses	**9,436,094**	**8,875,483**	**9,055,085**	**8,234,754**	**(640,728)**	**-7.2%**	**(820,331)**	**-9.1%**	**8,953,342**	**718,587**	**8.7%**
Total Non-Operating Expenses	**-**	**-**	**-**	**-**	**-**	**0.0%**	**-**	**0.0%**	**-**	**-**	**0.0%**
Total Expenses	**9,436,094**	**8,875,483**	**9,055,085**	**8,234,754**	**(640,728)**	**-7.2%**	**(820,331)**	**-9.1%**	**8,953,342**	**718,587**	**8.7%**
Equipment Outlay	**-**	**-**	**-**	**-**	**-**	**0.0%**	**-**	**0.0%**	**-**	**-**	**0.0%**
Total Division Expenses incl Equip Outlay	**$ 9,436,094**	**$ 8,875,483**	**$ 9,055,085**	**$ 8,234,754**	**$ (640,728)**	**-7.2%**	**$ (820,331)**	**-9.1%**	**$ 8,953,342**	**$ 718,587**	**8.7%**

Marketing & Communications Division

Major Drivers of FY 2012 Budget Increase / (Decrease)

	Inc/(Dec) FY12 vs FY11 Amended	Inc/(Dec) FY12 vs FY12 Conceptual
FY 2011 Amended / FY 2012 Conceptual Budget	**$ 8,875,483**	**$ 9,055,085**
Increase in domestic & international air service advertising costs	285,000	203,000
(Decrease) in personnel costs	(4,859)	(184,614)
Increase in Regional Aviation Strategic Plan (RASP) public outreach costs	8,000	125,000
(Decrease) in postage & shipping costs	(15,800)	(23,480)
(Decrease) in promotional activities & materials costs	(20,725)	(85,425)
(Decrease) in Green Build advertising costs	(75,000)	(50,000)
(Decrease) in use of outside professional consultants	(318,556)	(321,800)
(Decrease) in Green Build public outreach costs	(483,000)	(400,000)
Other, net	(15,789)	(83,012)
Total (Decrease)	**(640,729)**	**(820,331)**
FY 2012 Budget	**$ 8,234,754**	**$ 8,234,754**

Marketing & Communications Division

Major Drivers of FY 2013 Conceptual Budget Increase / (Decrease)

		Inc/(Dec) FY13 Conceptual vs FY12
FY 2012 Budget	**$**	**8,234,754**
Terminal Two Expansion Grand Opening costs		500,000
Increase in personnel costs		173,864
Increase in Green Build advertising costs		150,000
Increase in Green Build public outreach costs		50,000
Increase in promotional activities & materials costs		35,000
(Decrease) in domestic & international air service advertising costs		(240,000)
Other, net		49,723
Total Increase		**718,587**
FY 2013 Conceptual Budget	**$**	**8,953,342**

Marketing & Communications Division
FY 2012 – FY 2013 Expense Budget by Department

Department		FY 2012 Budget
Public & Customer Relations	$	2,517,994
Marketing		2,296,356
Air Service Development		1,216,636
Inter-Governmental Relations		782,743
Corporate Services		741,991
Airport Noise Mitigation		679,035
Total	**$**	**8,234,754**

** Departmental totals may differ due to rounding*

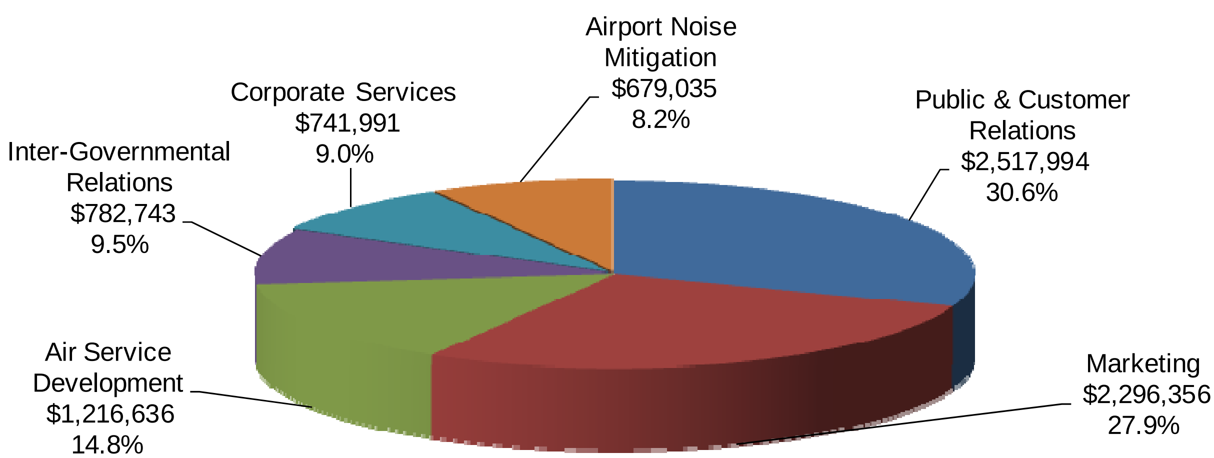


Figure 38 – FY 2012 Expense Budget by Department

Marketing & Communications Division

FY 2012 – FY 2013 Expense Budget by Department (cont.)

Department	FY 2013 Conceptual Budget
Marketing	$ 3,132,916
Public & Customer Relations	2,609,233
Air Service Development	930,256
Inter-Governmental Relations	799,564
Corporate Services	785,230
Airport Noise Mitigation	696,143
Total	**$ 8,953,342**

** Departmental totals may differ due to rounding*

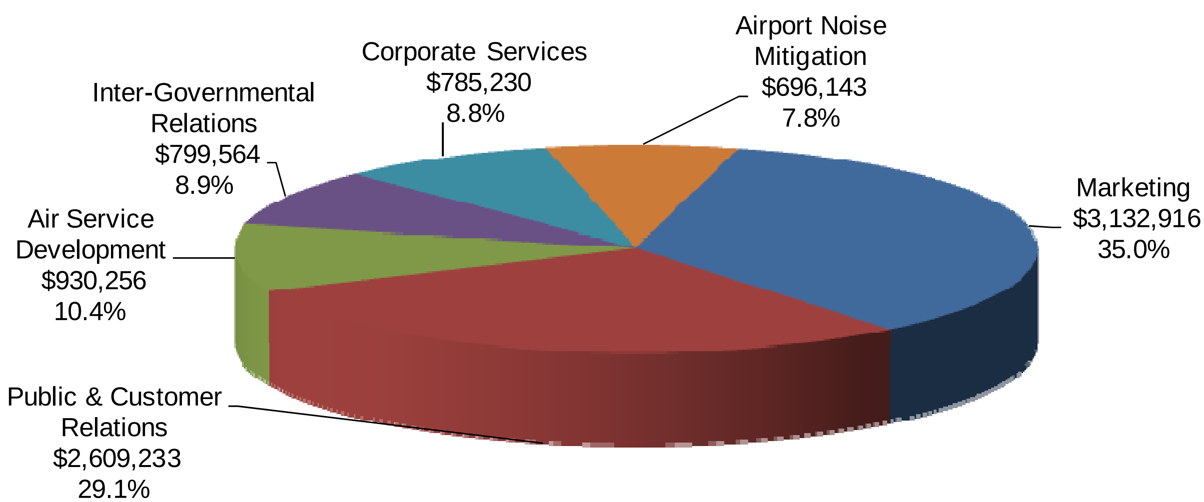
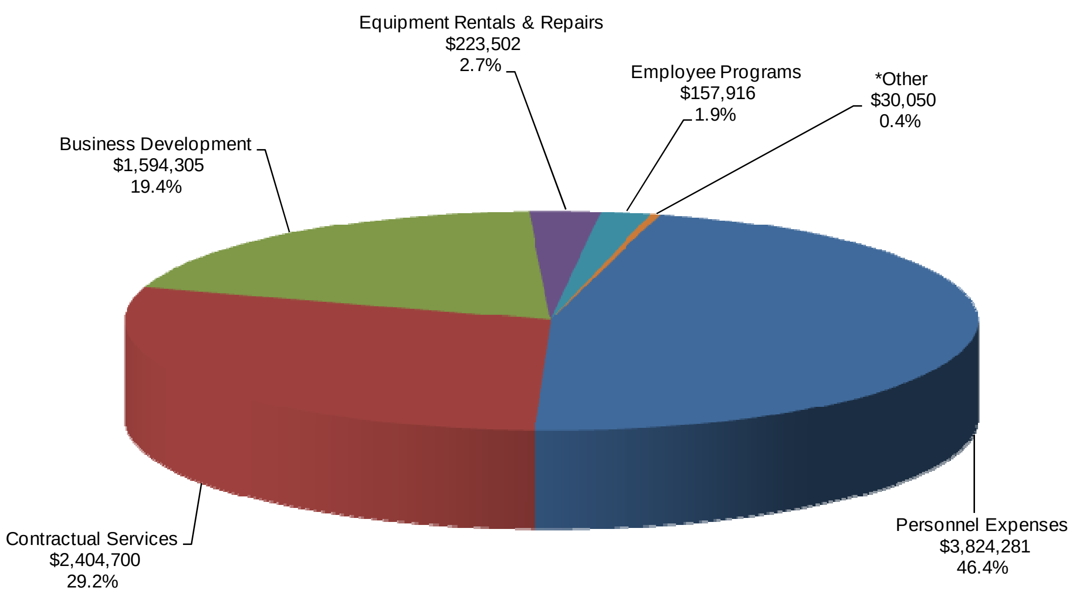


Figure 39 – FY 2013 Expense Budget by Department

Marketing & Communications Division
FY 2012 – FY 2013 Expense Budget by Category

Category		FY 2012 Budget
Personnel Expenses	$	3,824,281
Contractual Services		2,404,700
Business Development		1,594,305
Equipment Rentals & Repairs		223,502
Employee Programs		157,916
*Other		30,050
Total	**$**	**8,234,754**

** Category totals may differ due to rounding*



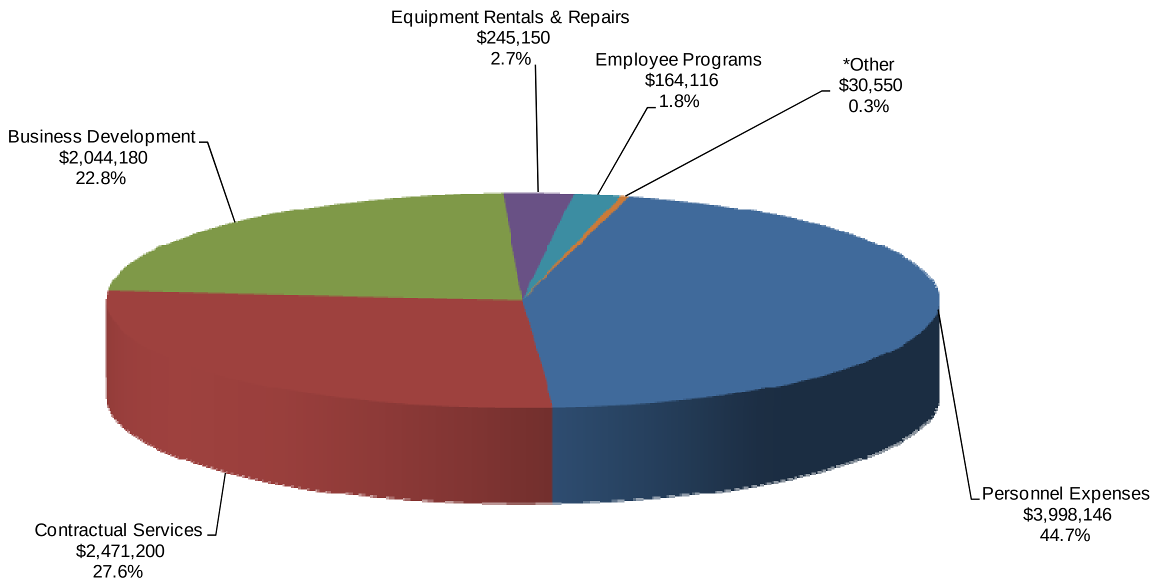
*Other includes space rental, Utilites, operating equipment & systems, operating supplies, etc.

Figure 40 – FY 2012 Expense Budget by Category

Marketing & Communications
FY 2012 – FY 2013 Expense Budget by Category (cont.)

Category		FY 2013 Conceptual Budget
Personnel Expenses	$	3,998,146
Contractual Services		2,471,200
Business Development		2,044,180
Equipment Rentals & Repairs		245,150
Employee Programs		164,116
*Other		30,550
Total	**$**	**8,953,342**

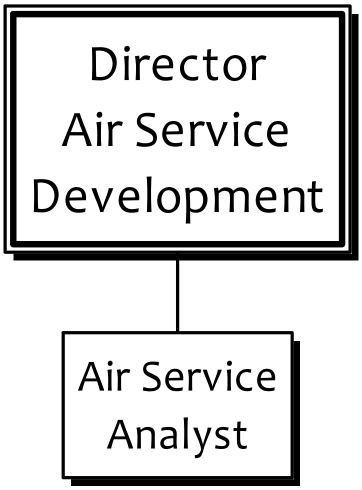
** Category totals may differ due to rounding*



*Other includes space rental, Utilites, operating equipment & systems, operating supplies, etc.

Figure 41 – FY 2013 Expense Budget by Category

Air Service Development
FY 2012 – FY 2013 Organizational Structure



** No personnel changes planned for FY 2013*

Air Service Development
FY 2012 – FY 2013 Expense Budget Summary

	FY 2010 Actuals	FY 2011 Amended Budget	FY 2012 Conceptual Budget	FY 2012 Budget	Inc/(Dec) FY12 vs FY11 Amended	% Change	Inc/(Dec) FY12 vs FY12 Conceptual	% Change	FY 2013 Conceptual Budget	Inc/(Dec) FY13 Conceptual vs FY12	% Change
Operating Expenses:											
Personnel Expenses											
Salaries and Wages		$ 166,835	$ 166,835	$ 172,835	$ 6,000	3.6%	$ 6,000	3.6%	$ 171,840	$ (995)	-0.6%
Premium Overtime		-	-	-	-	0.0%	-	0.0%	-	-	0.0%
Employee Benefits	-	75,877	99,452	78,750	2,873	3.8%	(20,701)	-20.8%	83,866	5,116	6.5%
Subtotal	-	242,712	266,287	251,586	8,873	3.7%	(14,701)	-5.5%	255,706	4,121	1.6%
Less: Capitalized Labor	-	-	-	-	-	0.0%	-	0.0%	-	-	0.0%
Total Personnel Expenses	**-**	**242,712**	**266,287**	**251,586**	**8,873**	**3.7%**	**(14,701)**	**-5.5%**	**255,706**	**4,121**	**1.6%**
Non-Personnel Expenses											
Contractual Services		**366,000**	**291,000**	291,000	(75,000)	-20.5%	-	0.0%	241,000	(50,000)	-17.2%
Safety and Security		-	-	-	-	0.0%	-	0.0%	-	-	0.0%
Space Rental		-	-	-	-	0.0%	-	0.0%	-	-	0.0%
Utilities		-	-	-	-	0.0%	-	0.0%	-	-	0.0%
Maintenance		-	-	-	-	0.0%	-	0.0%	-	-	0.0%
Operating Equipment & Systems		-	-	-	-	0.0%	-	0.0%	-	-	0.0%
Operating Supplies		-	-	-	-	0.0%	-	0.0%	-	-	0.0%
Insurance		-	-	-	-	0.0%	-	0.0%	-	-	0.0%
Employee Programs		32,200	32,200	29,950	(2,250)	-7.0%	(2,250)	-7.0%	29,450	(500)	-1.7%
Business Development		385,100	467,100	644,100	259,000	67.3%	177,000	37.9%	404,100	(240,000)	-37.3%
Equipment Rentals & Repairs		-	-	-	-	0.0%	-	0.0%	-	-	0.0%
Total Non-Personnel Expenses	**-**	**783,300**	**790,300**	**965,050**	**181,750**	**23.2%**	**174,750**	**22.1%**	**674,550**	**(290,500)**	**-30.1%**
Total Operating Expenses	**-**	**1,026,012**	**1,056,587**	**1,216,636**	**190,623**	**18.6%**	**160,049**	**15.1%**	**930,256**	**(286,379)**	**-23.5%**
Total Non-Operating Expenses		**-**	**-**	**-**	**-**	**0.0%**	**-**	**0.0%**	**-**	**-**	**0.0%**
Total Expenses	**-**	**1,026,012**	**1,056,587**	**1,216,636**	**190,623**	**18.6%**	**160,049**	**15.1%**	**930,256**	**(286,379)**	**-23.5%**
Equipment Outlay	**-**	**-**	**-**	**-**	**-**	**0.0%**	**-**	**0.0%**	**-**	**-**	**0.0%**
Total Dept Expenses incl Equip Outlay	**-**	**$ 1,026,012**	**$ 1,056,587**	**$ 1,216,636**	**$ 190,623**	**18.6%**	**$ 160,049**	**15.1%**	**$ 930,256**	**$ (286,379)**	**-23.5%**

Air Service Development
Major Drivers of FY 2012 – FY 2013 Budget Increase / (Decrease)

	Inc/(Dec) FY12 vs FY11 Amended	Inc/(Dec) FY12 vs FY12 Conceptual	Inc/(Dec) FY13 Conceptual vs FY12
FY 2011 Amended / FY 2012 Conceptual / FY 2012 Budget	**$ 1,026,012**	**$ 1,056,587**	**$ 1,216,636**
Personnel costs			
Salary adjustments	6,000	6,000	(995)
Burden (benefits & employer taxes) increase / (decrease) for current staff	2,873	(20,701)	5,116
Total Increase / (Decrease) in personnel costs	**8,874**	**(14,701)**	**4,121**
Increase / (decrease) in domestic & international air service advertising costs	285,000	203,000	(240,000)
(Decrease) in business development travel costs	(22,500)	(22,500)	-
Increase / (Decrease) in regional business CEO outreach costs	(25,000)	50,000	(50,000)
(Decrease) in air route development contract & air service database costs	(50,000)	(50,000)	-
Other, net	(5,750)	(5,750)	(500)
FY 2012 Budget / FY 2013 Conceptual Budget	**$ 1,216,636**	**$ 1,216,636**	**$ 930,256**

Air Service Development
Departmental Objectives

FY 2011 Progress Report

1. **Secure at least one new domestic destination after every fiscal year where overall national domestic available seat departure growth exceeds 5.0%. Maintain number of domestic destinations served if national seat departure growth is between 0-4.99%.**

   Progress: Even though national seat departures actually declined 0.4% from year-end December 2009 to year-end December 2010, San Diego International Airport was able to secure year-round service to:

   - Omaha
   - Kahului

   So that by January 2011, 39 domestic destinations will be served from SDIA, a difference of -1 destination.

   Sustainability Goal: Economic Viability, Operational Excellence.

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

   Fiscal Year: 2011. **Continue to 2012?** Yes

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

   Progress: National seat departures as noted in #1 have not grown.

   Sustainability Goal: Economic Viability, Operational Excellence.

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

   Fiscal Year: 2011. **Continue to 2012?** No.

3. **Secure air services to London and/or primary European hub (Amsterdam, Paris, Frankfurt, or Munich) after the fifth year of consecutive US-Europe seat departure growth or secure charter activity to Europe after the fifth year of consecutive US-Europe seat departure growth.**

   Progress: In October 2010, British Airways announced they would add a daily San Diego-London Heathrow flight, which fulfills this objective in a year where there was no growth in US-Europe seat departures.

   Sustainability Goal: Economic Viability, Operational Excellence.

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

   Fiscal Year: 2011. **Continue to 2012?** Yes, modified for 2012 to retain London air service.

4. **Assuming aircraft are developed with the technical capabilities (e.g. Boeing 787 and A350), secure air service to Tokyo, Seoul, or Asian hub after the fifth year of consecutive US-East Asia seat departure growth and by the fifth year anniversary of technically capable aircraft delivery to at least three US-Asia airline candidate operators (JAL, ANA, Asiana, and Korean Air).**

   Progress: Air Service development continued to develop relationships with Asian and US air carriers for the purpose of linking San Diego with Asia.

   Sustainability Goal: Economic Viability, Operational Excellence.

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

   Fiscal Year: 2011. **Continue to 2012?** Yes

5. **Link San Diego to Manila with direct air service within 12 months of Philippine restoration to FAA IASA Category 1 status and by the first twelve months of Philippine-US seat departure increases contributed by Philippine air carriers.**

   Progress: The Philippines remain in Category 2 as designated by the FAA, which precludes direct service from the U.S., but we continue to maintain close contact with the management of Philippine Air Lines.

   Sustainability Goal: Economic Viability, Operational Excellence.

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

   Fiscal Year: 2011. **Continue to 2012?** No.

6. **Secure new, enhanced, or additional air service to Canadian markets after the second year upon verifying that after an annual SAN-Canada market (e.g. Montréal, Edmonton, Winnipeg) reaches at least 50 passengers a day each way (PDEW) via connecting flights.**

   Progress: No additional Canadian cities have reached the 50 PDEW threshold this year (YE, third quarter FY 2010). Discussions continue with airlines regarding viability of San Diego-Montréal and San Diego-Edmonton service.

   Sustainability Goal: Economic Viability, Operational Excellence.

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

   Fiscal Year: 2011. **Continue to 2012?** Yes.

7. **Secure new, enhanced, or additional air service to Mexican markets by the second year after an annual SAN-Mexico market (e.g. Mexico City, Puerto Vallarta) reaches at least 50 PDEW.**

   Progress: Despite the fact that no Mexican market achieved the 50 PDEW threshold, seasonal air service was achieved with Alaska Airlines service to Puerto Vallarta. Discussions are ongoing with Mexican and US carriers for enhanced San Diego-Mexico air service.

   Sustainability Goal: Economic Viability, Operational Excellence.

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

   Fiscal Year: 2011. **Continue to 2012?** Yes.

Air Service Development
Departmental Objectives

FY 2012 – FY 2013 Objectives

1. **Secure at least one new domestic destination after every fiscal year where overall national domestic available seat departure growth exceeds 5.0%. Maintain number of domestic destinations served if national seat departure growth is between 0-4.99%.**

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

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

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

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

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

3. **Retain air services to London.**

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

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

4. **Assuming aircraft are developed with the technical capabilities (e.g. Boeing 787 and A350), secure air service to Tokyo, Seoul, or Asian hub after the fifth year of consecutive US-East Asia seat departure growth and by the fifth year anniversary of technically capable aircraft delivery to at least three US-Asia airline candidate operators (JAL, ANA, Asiana, and Korean Air).**

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

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

5. **Link San Diego to Manila with direct air service within 12 months of Philippine restoration to FAA IASA Category 1 status and by the first twelve months of Philippine-US seat departure increases contributed by Philippine air carriers.**

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

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

6. **Secure new, enhanced, or additional air service to Canadian markets after the second year upon verifying that after an annual SAN-Canada market (e.g. Montréal, Edmonton, Winnipeg) reaches at least 50 passengers a day each way (PDEW) via connecting flights.**

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

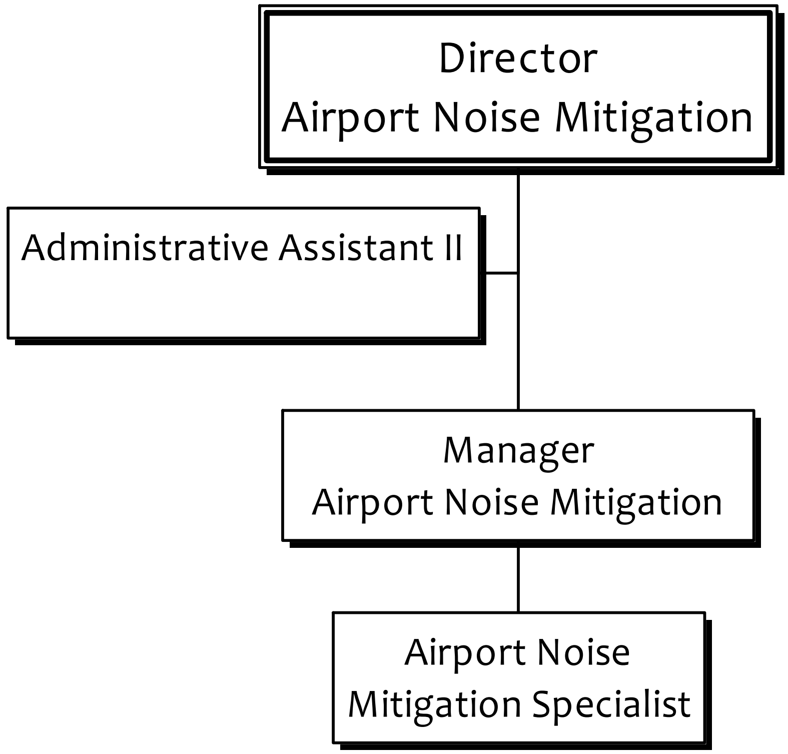
   Authority Strategy: Strategy #1: Enhance the financial position of the Authority. Strategy #2: Achieve the highest level of internal and external customer satisfaction. Strategy #5: Be a trusted and highly responsive regional agency.

7. **Secure new, enhanced, or additional air service to Mexican markets by the second year after an annual SAN-Mexico market (e.g. Mexico City, Puerto Vallarta) reaches at least 50 PDEW.**

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

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

Airport Noise Mitigation
FY 2012 – FY 2013 Organizational Structure



** No personnel changes planned for FY 2013*

Airport Noise Mitigation

FY 2012 – FY 2013 Expense Budget Summary

	FY 2010 Actuals	FY 2011 Amended Budget	FY 2012 Conceptual Budget	FY 2012 Budget	Inc/(Dec) FY12 vs FY11 Amended	% Change	Inc/(Dec) FY12 vs FY12 Conceptual	% Change	FY 2013 Conceptual Budget	Inc/(Dec) FY13 Conceptual vs FY12	% Change
Operating Expenses:											
Personnel Expenses											
Salaries and Wages	$ 273,548	$ 273,958	$ 273,958	$ 272,775	$ (1,184)	-0.4%	$ (1,184)	-0.4%	$ 280,958	$ 8,183	3.0%
Premium Overtime	-	-	-	-	-	0.0%	-	0.0%	-	-	0.0%
Employee Benefits	109,608	124,391	139,393	113,900	(10,492)	-8.4%	(25,493)	-18.3%	121,049	7,150	6.3%
Subtotal	383,158	398,350	413,351	386,674	(11,676)	-2.9%	(26,677)	-6.5%	402,007	15,333	4.0%
Less: Capitalized Labor	-	-	-	-	-	0.0%	-	0.0%	-	-	0.0%
Total Personnel Expenses	**383,157**	**398,349**	**413,351**	**386,674**	**(11,675)**	**-2.9%**	**(26,677)**	**-6.5%**	**402,007**	**15,333**	**4.0%**
Non-Personnel Expenses											
Contractual Services	1,341,324	14,000	14,100	10,000	(4,000)	-28.6%	(4,100)	-29.1%	10,000	-	0.0%
Safety and Security	-	-	-	-	-	0.0%	-	0.0%	-	-	0.0%
Space Rental	-	-	-	-	-	0.0%	-	0.0%	-	-	0.0%
Utilities	-	-	-	-	-	0.0%	-	0.0%	-	-	0.0%
Maintenance	511	-	-	-	-	0.0%	-	0.0%	-	-	0.0%
Operating Equipment & Systems	29	-	-	-	-	0.0%	-	0.0%	-	-	0.0%
Operating Supplies	981	2,100	2,500	1,500	(600)	-28.6%	(1,000)	-40.0%	1,500	-	0.0%
Insurance	-	-	-	-	-	0.0%	-	0.0%	-	-	0.0%
Employee Programs	15,133	23,300	25,000	21,036	(2,264)	-9.7%	(3,964)	-15.9%	21,036	-	0.0%
Business Development	28,085	63,550	85,625	61,025	(2,525)	-4.0%	(24,600)	-28.7%	60,800	(225)	-0.4%
Equipment Rentals & Repairs	189,232	194,800	200,800	198,800	4,000	2.1%	(2,000)	-1.0%	200,800	2,000	1.0%
Total Non-Personnel Expenses	**1,575,295**	**297,750**	**328,025**	**292,361**	**(5,389)**	**-1.8%**	**(35,664)**	**-10.9%**	**294,136**	**1,775**	**0.6%**
Total Operating Expenses	**1,958,452**	**696,099**	**741,376**	**679,035**	**(17,064)**	**-2.5%**	**(62,341)**	**-8.4%**	**696,143**	**17,108**	**2.5%**
Total Non-Operating Expenses	**-**	**-**	**-**	**-**	**-**	**0.0%**	**-**	**0.0%**	**-**	**-**	**0.0%**
Total Expenses	**1,958,452**	**696,099**	**741,376**	**679,035**	**(17,064)**	**-2.5%**	**(62,341)**	**-8.4%**	**696,143**	**17,108**	**2.5%**
Equipment Outlay	**-**	**-**	**-**	**-**	**-**	**0.0%**	**-**	**0.0%**	**-**	**-**	**0.0%**
Total Dept Expenses incl Equip Outlay	**$ 1,958,452**	**$ 696,099**	**$ 741,376**	**$ 679,035**	**$ (17,064)**	**-2.5%**	**$ (62,341)**	**-8.4%**	**$ 696,143**	**$ 17,108**	**2.5%**

Airport Noise Mitigation
Major Drivers of FY 2012 – FY 2013 Budget Increase / (Decrease)

	Inc/(Dec) FY12 vs FY11 Amended	Inc/(Dec) FY12 vs FY12 Conceptual	Inc/(Dec) FY13 Conceptual vs FY12
FY 2011 Amended / FY 2012 Conceptual / FY 2012 Budget	**$ 696,099**	**$ 741,376**	**$ 679,035**
Personnel costs			
Salary adjustments	(1,183)	(1,184)	8,183
Burden (benefits & employer taxes) increase / (decrease) for current staff	(10,491)	(25,493)	7,150
Total Increase / (Decrease) in personnel costs	**(11,675)**	**(26,677)**	**15,333**
Increase / (Decrease) in repair costs of office equipment & systems	4,000	(2,000)	2,000
Increase / (Decrease) in advertising costs	2,200	-	(5,000)
(Decrease) in use of outside professional consultants	(3,500)	(3,500)	-
(Decrease) in promotional activities & materials costs	(5,725)	(22,025)	-
Other, net	(2,364)	(8,139)	4,775
FY 2012 Budget / FY 2013 Conceptual Budget	**$ 679,035**	**$ 679,035**	**$ 696,143**

Airport Noise Mitigation
Departmental Objectives

FY 2011 Progress Report

1. **Enhance Air Carrier Recognition Program – to publically evaluate and rate tenant air carrier and transient operations at SDIA and benchmark against a standardized scale.**

   Progress: Awaiting Federal Aviation Administration approval of Noise Compatibility Program update for program funding.

   Sustainability Goal: Social Responsibility.

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

   Fiscal Year: 2011. **Continue to 2012?** Yes.

2. **Obtain FAA approval of SAN's Noise Compatibility Program (14 CFR Part 150) Update. Success equals Noise Compatibility Program approval by FAA by end of FY 2011. Specific goals include:**

   - **Refer programs for FAA acceptance that meets customer demand to mitigate aircraft noise**
   - **Engage in an ongoing transparent public process to develop meaningful programs**
   - **Get FAA grand funding for approved mitigation and attenuation programs**

   Progress: Submitted to FAA in June 2010. Accepted for 180-day review January 5, 2011.

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

   Authority Strategy: Strategy #2: Anticipate and exceed both internal and external customer service expectations. Strategy #5: Be a trusted and highly responsive regional agency. Strategy #1: Enhance the financial position of the Authority.

   Fiscal Year: 2011. **Continue to 2012?** Yes.

3. **Maintain Quieter Home (Residential Sound Insulation) Program acceleration and spending level. Success equals at least the same number of parcels sound attenuated as FY 2010.**

   Progress: 2012 Budget dependent

   Sustainability Goal: Operational Excellence.

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

   Fiscal Year: 2011. **Continue to 2012?** Yes.

4. **Obtain Authority Board approval of update to Authority Policy 9.40 and Administrative Procedures governing processes dealing with penalties for aircraft noise curfew violations. Success equals successful negotiation with Authority General Counsel and Authority Board acceptance.**

   Progress: The initial policy rewrite has been completed by staff.

   Sustainability Goal: Social Responsibility.

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

   Fiscal Year: 2011. **Continue to 2012?** Yes.

Airport Noise Mitigation
Departmental Objectives

FY 2012 – FY 2013 Objectives

1. **Update our variance to the California Noise Standards (CA Public Utilities Code, Section 5002) for validation to the County of San Diego, California Department of Transportation (DOT), and the airport's noise-impacted community to demonstrate the Airport Authority's continuing commitment to mitigate aircraft noise to the maximum extent possible. Success equals completion of the variance process and approval by California DOT by end of FY 2013.**

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

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

2. **Initiate approved elements of updated Federal Aviation Administration (FAA Part 150) Noise Compatibility Program (NCP). Success equals SAN NCP approval of eight (8) new elements by FAA by end of FY 2012 and budget authority to implement approved elements.**

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

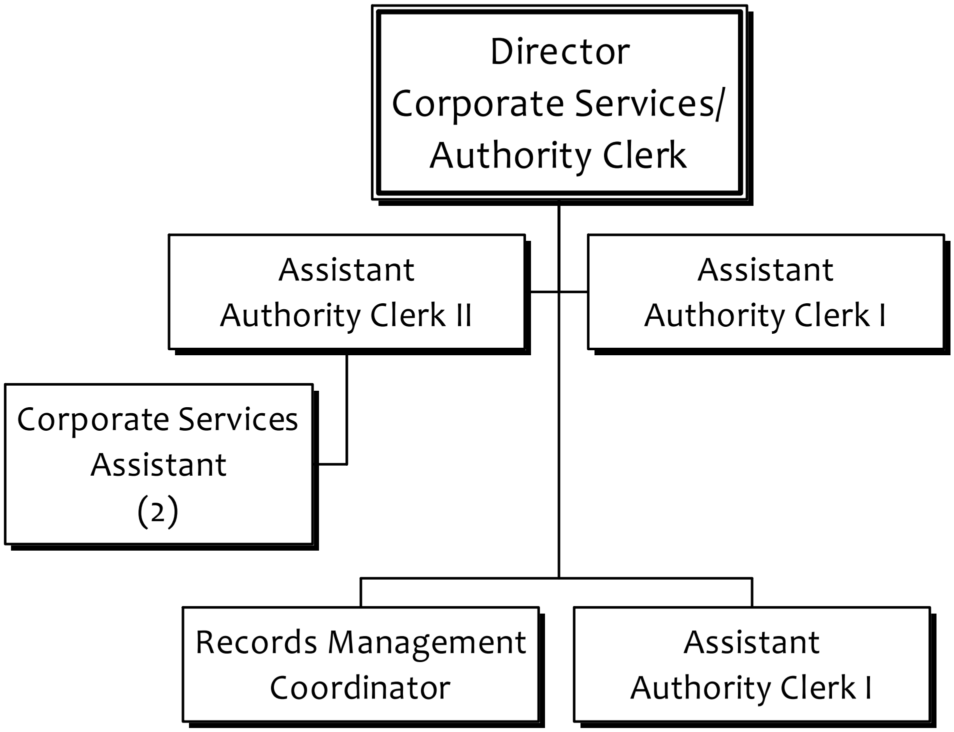
   Authority Strategy: Strategy #2: Achieve the highest level of internal and external customer satisfaction. Strategy#3: Operate our airport in a safe, secure, environmentally-sound, effective and efficient manner. Strategy#5: Be a trusted and highly responsive regional agency.

3. **Conduct preventative upgrade of the twelve remaining remote noise monitoring terminal (RMT) poles. Success equals approval by City of San Diego to upgrade RMT's in-place by end of FY 2012, budget authority to implement the project, and successful completion of all elements by end of FY 2013.**

   Sustainability Goal: Operational Excellence, Natural Resource Conservation.

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

Corporate Services
FY 2012 – FY 2013 Organizational Structure



** No personnel changes planned for FY 2013*

Corporate Services
FY 2012 – FY 2013 Expense Budget Summary

	FY 2010 Actuals	FY 2011 Amended Budget	FY 2012 Conceptual Budget	FY 2012 Budget	Inc/(Dec) FY12 vs FY11 Amended	% Change	Inc/(Dec) FY12 vs FY12 Conceptual	% Change	FY 2013 Conceptual Budget	Inc/(Dec) FY13 Conceptual vs FY12	% Change
Operating Expenses:											
Personnel Expenses											
Salaries and Wages	$ 351,019	$ 457,407	$ 457,407	$ 438,619	$ (18,788)	-4.1%	$ (18,788)	-4.1%	$ 451,778	$ 13,159	3.0%
Premium Overtime	2,678	2,000	2,000	2,000	-	0.0%	-	0.0%	2,000	-	0.0%
Employee Benefits	162,900	221,242	256,854	224,090	2,848	1.3%	(32,764)	-12.8%	241,923	17,833	8.0%
Subtotal	516,597	680,649	716,261	664,709	(15,940)	-2.3%	(51,552)	-7.2%	695,700	30,991	4.7%
Less: Capitalized Labor	-	-	-	-	-	0.0%	-	0.0%	-	-	0.0%
Total Personnel Expenses	**516,597**	**680,649**	**716,261**	**664,709**	**(15,940)**	**-2.3%**	**(51,552)**	**-7.2%**	**695,700**	**30,991**	**4.7%**
Non-Personnel Expenses											
Contractual Services	92,936	19,400	20,900	14,900	(4,500)	-23.2%	(6,000)	-28.7%	21,400	6,500	43.6%
Safety and Security	-	-	-	-	-	0.0%	-	0.0%	-	-	0.0%
Space Rental	-	-	-	-	-	0.0%	-	0.0%	-	-	0.0%
Utilities	-	-	-	-	-	0.0%	-	0.0%	-	-	0.0%
Maintenance	-	-	-	-	-	0.0%	-	0.0%	-	-	0.0%
Operating Equipment & Systems	2,820	-	-	-	-	0.0%	-	0.0%	-	-	0.0%
Operating Supplies	4,563	6,000	6,500	5,500	(500)	-8.3%	(1,000)	-15.4%	6,000	500	9.1%
Insurance	-	-	-	-	-	0.0%	-	0.0%	-	-	0.0%
Employee Programs	15,967	13,230	15,230	13,230	-	0.0%	(2,000)	-13.1%	17,230	4,000	30.2%
Business Development	26,623	24,000	24,500	22,200	(1,800)	-7.5%	(2,300)	-9.4%	23,300	1,100	5.0%
Equipment Rentals & Repairs	24,969	21,952	22,600	21,452	(500)	-2.3%	(1,148)	-5.1%	21,600	148	0.7%
Total Non-Personnel Expenses	**167,878**	**84,582**	**89,730**	**77,282**	**(7,300)**	**-8.6%**	**(12,448)**	**-13.9%**	**89,530**	**12,248**	**15.8%**
Total Operating Expenses	**684,475**	**765,231**	**805,991**	**741,991**	**(23,240)**	**-3.0%**	**(64,000)**	**-7.9%**	**785,230**	**43,239**	**5.8%**
Total Non-Operating Expenses	**-**	**-**	**-**	**-**	**-**	**0.0%**	**-**	**0.0%**	**-**	**-**	**0.0%**
Total Expenses	**684,475**	**765,231**	**805,991**	**741,991**	**(23,240)**	**-3.0%**	**(64,000)**	**-7.9%**	**785,230**	**43,239**	**5.8%**
Equipment Outlay	**-**	**-**	**-**	**-**	**-**	**0.0%**	**-**	**0.0%**	**-**	**-**	**0.0%**
Total Dept Expenses incl Equip Outlay	**$ 684,475**	**$ 765,231**	**$ 805,991**	**$ 741,991**	**$ (23,240)**	**-3.0%**	**$ (64,000)**	**-7.9%**	**$ 785,230**	**$ 43,239**	**5.8%**

Corporate Services

Major Drivers of FY 2012 – FY 2013 Budget Increase / (Decrease)

	Inc/(Dec) FY12 vs FY11 Amended	Inc/(Dec) FY12 vs FY12 Conceptual	Inc/(Dec) FY13 Conceptual vs FY12
FY 2011 Amended / FY 2012 Conceptual / FY 2012 Budget	**$ 765,231**	**$ 805,991**	**$ 741,991**
Personnel costs			
Burden (benefits & employer taxes) increase / (decrease) for current staff	2,848	(32,764)	17,833
Salary adjustments	(18,788)	(18,788)	13,159
Total Increase / (Decrease) in personnel costs	**(15,940)**	**(51,552)**	**30,991**
Increase / (Decrease) in seminars & training costs	-	(2,000)	4,000
Increase / (Decrease) in temporary personnel costs	(5,000)	(5,000)	8,800
Other, net	(2,300)	(5,448)	(552)
FY 2012 Budget / FY 2013 Conceptual Budget	**$ 741,991**	**$ 741,991**	**$ 785,230**

Corporate Services
Departmental Objectives

FY 2011 Progress Report

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

   Progress: Completed.

   Sustainability Goal: Operational Excellence.

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

   Fiscal Year: 2011. **Continue in 2012?** Yes.

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

   Progress: Achieved.

   Sustainability Goal: Social Responsibility.

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

   Fiscal Year: 2011. **Continue in 2012?** Yes.

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

   Progress: Achieved.

   Sustainability Goal: Operational Excellence.

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

   Fiscal Year: 2011. **Continue in 2012?** Yes.

4. **Respond to public records requests from the public and media 100% of the time in accordance to the California Public Records Act.**

   Progress: Corporate Services has received 145 public records requests from the start of FY 2011 through March 2011. All 145 requests were responded to 100% of the time in accordance with the California Public Records Act.

   Sustainability Goal: Social Responsibility.

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

   Fiscal Year: 2011. **Continue in 2012?** Yes.

Corporate Services
Departmental Objectives

FY 2012 – FY 2013 Objectives

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

   Sustainability Goal: Operational Excellence, Social Responsibility.

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

2. **Conduct semi-annual training sessions (2 sessions) during the fiscal year, or as needed, on staff report preparation to ensure that reports are submitted on time, accurate, and made available to the public in accordance with the Brown Act and Authority Policies.**

   Sustainability Goal: Operational Excellence, Social Responsibility.

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

3. **Ensure that official postings of regular and special Board, ALUC, and Board Committee meetings are noticed in accordance with Authority Policies and the Brown Act 100% of the time.**

   Sustainability Goal: Social Responsibility.

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

4. **Respond to public records requests from the public and media in accordance to the California Public Records Act 100% of the time.**

   Sustainability Goal: Social Responsibility.

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

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

   Sustainability Goal: Social Responsibility.

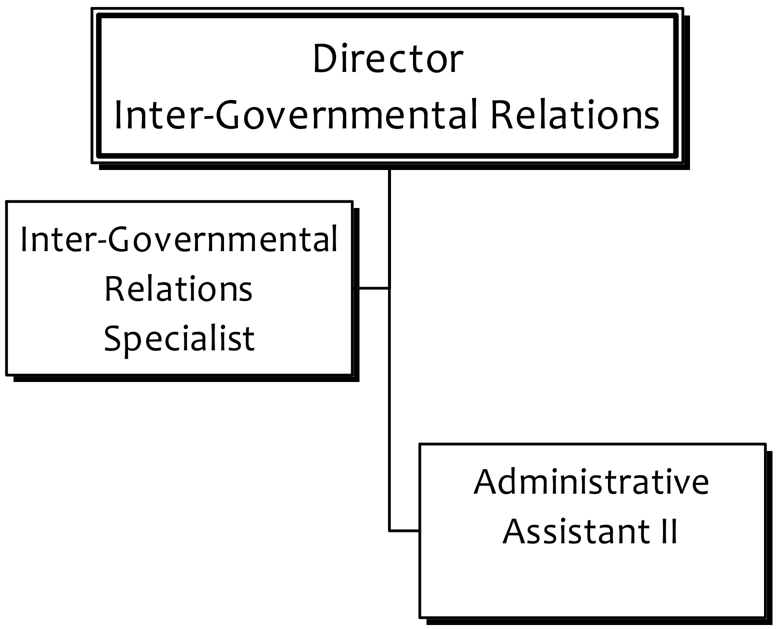
   Authority Strategy: Strategy #5: Be a trusted and highly responsive regional agency.

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

   Sustainability Goal: Operational Excellence.

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

Inter-Governmental Relations
FY 2012 – FY 2013 Organizational Structure



** No personnel changes planned for FY 2013*

Inter-Governmental Relations
FY 2012 – FY 2013 Expense Budget Summary

	FY 2010 Actuals	FY 2011 Amended Budget	FY 2012 Conceptual Budget	FY 2012 Budget	Inc/(Dec) FY12 vs FY11 Amended	% Change	Inc/(Dec) FY12 vs FY12 Conceptual	% Change	FY 2013 Conceptual Budget	Inc/(Dec) FY13 Conceptual vs FY12	% Change
Operating Expenses:											
Personnel Expenses											
Salaries and Wages	$ 255,927	$ 262,189	$ 262,189	$ 262,189	$ -	0.0%	$ -	0.0%	$ 270,054	$ 7,866	3.0%
Premium Overtime	-	500	500	500	-	0.0%	-	0.0%	500	-	0.0%
Employee Benefits	108,548	118,109	135,536	124,179	6,070	5.1%	(11,357)	-8.4%	133,134	8,955	7.2%
Subtotal	364,475	380,798	398,225	386,868	6,070	1.6%	(11,357)	-2.9%	403,689	16,821	4.3%
Less: Capitalized Labor	-	-	-	-	-	0.0%	-	0.0%	-	-	0.0%
Total Personnel Expenses	**364,475**	**380,798**	**398,225**	**386,868**	**6,070**	**1.6%**	**(11,357)**	**-2.9%**	**403,689**	**16,821**	**4.3%**
Non-Personnel Expenses											
Contractual Services	313,865	327,000	327,000	296,500	(30,500)	-9.3%	(30,500)	-9.3%	296,500	-	0.0%
Safety and Security	-	-	-	-	-	0.0%	-	0.0%	-	-	0.0%
Space Rental	-	-	-	-	-	0.0%	-	0.0%	-	-	0.0%
Utilities	-	250	250	250	-	0.0%	-	0.0%	250	-	0.0%
Maintenance	-	-	-	-	-	0.0%	-	0.0%	-	-	0.0%
Operating Equipment & Systems	-	250	250	100	(150)	-60.0%	(150)	-60.0%	100	-	0.0%
Operating Supplies	674	3,000	3,000	1,500	(1,500)	-50.0%	(1,500)	-50.0%	1,500	-	0.0%
Insurance	-	-	-	-	-	0.0%	-	0.0%	-	-	0.0%
Employee Programs	13,981	14,000	14,000	14,900	900	6.4%	900	6.4%	14,900	-	0.0%
Business Development	43,726	41,375	42,375	82,375	41,000	99.1%	40,000	94.4%	82,375	-	0.0%
Equipment Rentals & Repairs	-	350	350	250	(100)	-28.6%	(100)	-28.6%	250	-	0.0%
Total Non-Personnel Expenses	**372,247**	**386,225**	**387,225**	**395,875**	**9,650**	**2.5%**	**8,650**	**2.2%**	**395,875**	**-**	**0.0%**
Total Operating Expenses	**736,722**	**767,023**	**785,450**	**782,743**	**15,720**	**2.0%**	**(2,707)**	**-0.3%**	**799,564**	**16,821**	**2.1%**
Total Non-Operating Expenses	**-**	**-**	**-**	**-**	**-**	**0.0%**	**-**	**0.0%**	**-**	**-**	**0.0%**
Total Expenses	**736,722**	**767,023**	**785,450**	**782,743**	**15,720**	**2.0%**	**(2,707)**	**-0.3%**	**799,564**	**16,821**	**2.1%**
Equipment Outlay	**-**	**-**	**-**	**-**	**-**	**0.0%**	**-**	**0.0%**	**-**	**-**	**0.0%**
Total Dept Expenses incl Equip Outlay	**$ 736,722**	**$ 767,023**	**$ 785,450**	**$ 782,743**	**$ 15,720**	**2.0%**	**$ (2,707)**	**-0.3%**	**$ 799,564**	**$ 16,821**	**2.1%**

Inter-Governmental Relations

Major Drivers of FY 2012 – FY 2013 Budget Increase / (Decrease)

	Inc/(Dec) FY12 vs FY11 Amended	Inc/(Dec) FY12 vs FY12 Conceptual	Inc/(Dec) FY13 Conceptual vs FY12
FY 2011 Amended / FY 2012 Conceptual / FY 2012 Budget	**$ 767,023**	**$ 785,450**	**$ 782,743**
Personnel costs			
Burden (benefits & employer taxes) increase / (decrease) for current staff	6,070	(11,357)	8,955
Salary adjustments	-	-	7,866
Total Increase / (Decrease) in personnel costs	**6,070**	**(11,357)**	**16,821**
Increase in memberships & dues costs	50,500	49,500	-
(Decrease) in use of outside professional consultants	(30,000)	(30,000)	-
Other, net	(10,850)	(10,850)	-
FY 2012 Budget / FY 2013 Conceptual Budget	**$ 782,743**	**$ 782,743**	**$ 799,564**

Inter-Governmental Relations
Departmental Objectives

FY 2011 Progress Report

1. **Continue to strengthen relationships with current elected/appointed officials and staff and key community leaders in San Diego. Establish relationships with newly elected/appointed officials as well as non-San Diego officials holding key transportation/security positions.**

   Progress: IGR staff met regularly with Local, State and Federal elected officials on a variety of airport-related issues including, but not limited to, the Green Build, RASP, and ALUCP. IGR staff also gave several airfield tours to elected officials and their staffs.

   Sustainability Goal: Social Responsibility.

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

   Fiscal Year: 2011. **Continue in 2012?** Yes.

2. **Identify and include language in a multi-year FAA Reauthorization Act that will strategically position the Authority to maximize federal funding awards for SDIA projects (e.g. increased PFC level) and exclude language in the bill detrimental to the interests of SDIA (e.g. new and costly ARFF provisions). Work with state and national airport associations to obtain passage of a bill in 2010.**

   Progress: The IGR Department has been working closely with Airports Council International and the Executive office to ensure that an FAA Bill is passed and favorable to SDIA. A two-year FAA Bill was introduced in the Senate on January 27, 2011 without any costly provisions on labor and AFRR but also without a PFC increase.

   Sustainability Goal: Economic Viability, Social Responsibility.

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

   Fiscal Year: 2011. **Continue in 2012?** Yes.

3. **To enter into an agreement with the Transportation Security Administration providing the financing necessary to complete the in-line installation of EDS equipment at SDIA.**

   Progress: The Authority received $28 million in Federal Stimulus funding as a direct result of IGR's staff work politically and on the grant application.

   Sustainability Goal: Economic Viability, Operational Excellence.

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

   Fiscal Year: 2011. **Continue in 2012?** No.

4. **Maintain historic levels of Airport Improvement Program funding, Quieter Home Program funding, and increase the allowable Passenger Facility Charge fee level.**

   Progress: The Quieter Home Program has received record funding ($20 million in QHP 2010 receipts) and the AIP Program funding has been level this year.

   Sustainability Goal: Economic Viability.

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

   Fiscal Year: 2011 **Continue in 2012?** Yes.

5. **Prevent the passage/enactment of State and Federal legislation and regulations that would negatively impact the Airport Authority and/or San Diego International Airport.**

   Progress: There was no legislation passed in 2010 that significantly impacted the Authority's financial interests.

   Sustainability Goal: Social Responsibility.

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

   Fiscal Year: 2011 **Continue in 2012?** Yes.

6. **Proactively support the efforts of other Airport Authority departments in obtaining political/public support for key SDIA initiatives and funding requests.**

   Progress: IGR staff's effective outreach has resulted in the RASP coming to a conclusion with support from key stakeholders including Senator Kehoe who mandated that we embark on the Plan; and the Green Build has tremendous support from our elected officials.

   Sustainability Goal: Economic Viability, Operational Excellence.

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

   Fiscal Year: 2011 **Continue in 2012?** Yes.

Inter-Governmental Relations
Departmental Objectives

FY 2012 – 2013 Objectives

1. **Strengthen relationships with current elected/appointed officials and staff and key community leaders in San Diego. Establish relationships with newly elected/appointed officials as well as non-San Diego officials holding key transportation/security positions.**

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

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

2. **Identify and include language in a multi-year FAA Reauthorization Act that will strategically position the Authority to maximize federal funding awards for SDIA projects and exclude language in the bill detrimental to the interests of SDIA. Work with state and national airport associations to obtain passage of a bill in 2011.**

   Sustainability Goal: Economic Viability, Operational Excellence.

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

3. **Obtain Federal funding for the Washington Street Road / Entrance Project.**

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

   Authority Strategy: Strategy #1: Enhance the financial position of the Authority. Strategy #2: Achieve the highest level of internal and external customer satisfaction. Strategy #3: Operate our airport in a safe, secure, environmentally-sound, effective, and efficient manner. Strategy #5: Be a trusted and highly responsive regional agency.

4. **Maintain historic levels of Airport Improvement Program funding and Quieter Home Program funding.**

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

   Authority Strategy: Strategy #1: Enhance the financial position of the Authority. Strategy #2: Achieve the highest level of internal and external customer satisfaction. Strategy #3: Operate our airport in a safe, secure, environmentally-sound, effective and, efficient manner. Strategy #5: Be a trusted and highly responsive regional agency.

5. **Monitor and work towards preventing the passage/enactment of State and Federal legislation and regulations that would negatively impact the Airport Authority and/or San Diego International Airport.**

   Sustainability Goal: Economic Viability, Operational Excellence.

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

6. **Work with federal legislative consultants, airport associations, federal delegation members, and others to pass a multi-year FAA Reauthorization bill.**

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

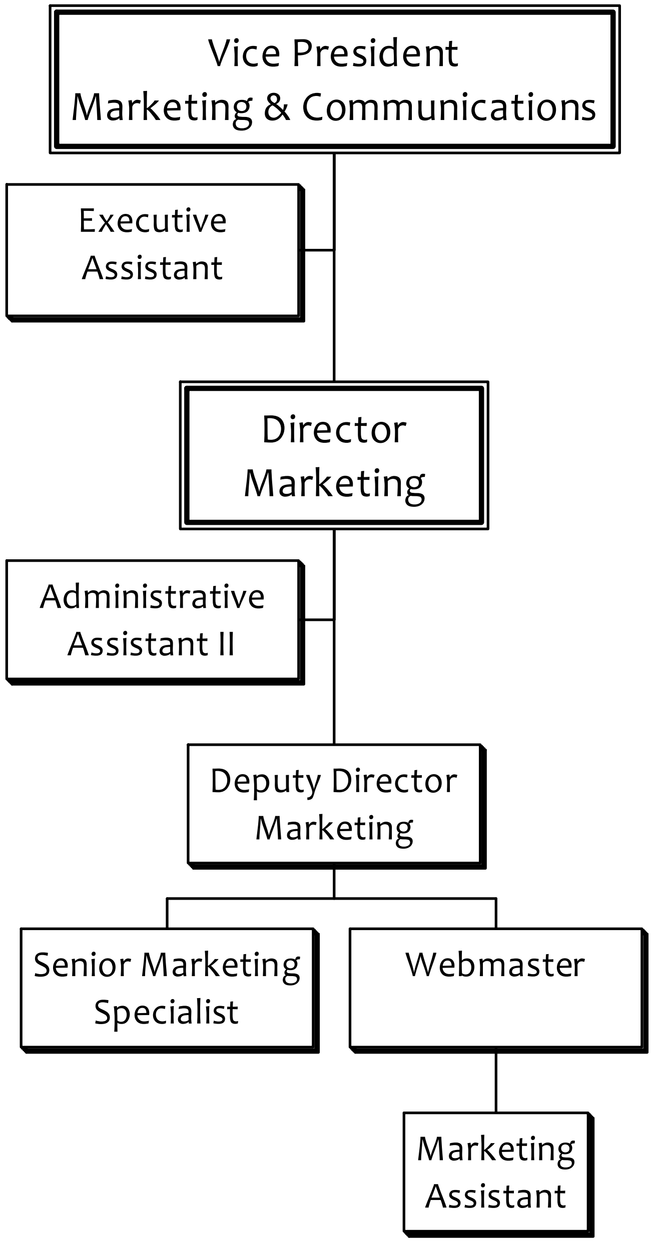
   Authority Strategy: Strategy #1: Enhance the financial position of the Authority. Strategy #2: Achieve the highest level of internal and external customer satisfaction. Strategy #3: Operate our airport in a safe, secure, environmentally-sound, effective, and efficient manner. Strategy #5: Be a trusted and highly responsive regional agency.

7. **Proactively support the efforts of other Airport Authority departments in obtaining political/public support for key SDIA initiatives and funding requests.**

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

   Authority Strategy: Strategy #1: Enhance the financial position of the Authority. Strategy #2: Achieve the highest level of internal and external customer satisfaction. Strategy #3: Operate our airport in a safe, secure, environmentally-sound, effective, and efficient manner. Strategy #5: Be a trusted and highly responsive regional agency.

Marketing
FY 2012 – FY 2013 Organizational Structure



* *No personnel changes planned for FY 2013*

Marketing

FY 2012 – FY 2013 Expense Budget Summary

	FY 2010 Actuals	FY 2011 Amended Budget	FY 2012 Conceptual Budget	FY 2012 Proposed Budget	Inc/(Dec) FY12 Proposed vs FY11 Amended	% Change	Inc/(Dec) FY12 Proposed vs FY12 Conceptual	% Change	FY 2013 Proposed Conceptual Budget	Inc/(Dec) FY13 Proposed Concept vs FY12 Proposed	% Change
Operating Expenses:											
Personnel Expenses											
Salaries and Wages	$ 876,700	$ 756,933	$ 756,933	$ 755,116	$ (1,817)	-0.2%	$ (1,817)	-0.2%	$ 777,770	$ 22,653	3.0%
Premium Overtime	11,497	5,000	10,000	10,000	5,000	100.0%	-	0.0%	25,000	15,000	150.0%
Employee Benefits	356,948	352,838	401,410	345,235	(7,604)	-2.2%	(56,175)	-14.0%	372,641	27,406	7.9%
Subtotal	1,245,145	1,114,772	1,168,343	1,110,350	(4,422)	-0.4%	(57,993)	-5.0%	1,175,410	65,060	5.9%
Less: Capitalized Labor	-	-	-	-	-	0.0%	-	0.0%	-	-	0.0%
Total Personnel Expenses	**1,245,145**	**1,114,772**	**1,168,343**	**1,110,350**	**(4,422)**	**-0.4%**	**(57,993)**	**-5.0%**	**1,175,410**	**65,060**	**5.9%**
Non-Personnel Expenses											
Contractual Services	899,460	640,500	690,500	545,000	(95,500)	-14.9%	(145,500)	-21.1%	605,000	60,000	11.0%
Safety and Security	-	-	-	-	-	0.0%	-	0.0%	-	-	0.0%
Space Rental	300	1,200	1,200	1,200	-	0.0%	-	0.0%	1,200	-	0.0%
Utilities	-	-	-	-	-	0.0%	-	0.0%	-	-	0.0%
Maintenance	-	-	-	-	-	0.0%	-	0.0%	-	-	0.0%
Operating Equipment & Systems	1,870	5,000	5,000	5,000	-	0.0%	-	0.0%	5,000	-	0.0%
Operating Supplies	7,055	7,500	7,500	3,000	(4,500)	-60.0%	(4,500)	-60.0%	3,000	-	0.0%
Insurance	-	-	-	-	-	0.0%	-	0.0%	-	-	0.0%
Employee Programs	40,386	34,200	34,200	25,200	(9,000)	-26.3%	(9,000)	-26.3%	27,700	2,500	9.9%
Business Development	1,413,035	662,830	654,830	606,605	(56,225)	-8.5%	(48,225)	-7.4%	1,295,605	689,000	113.6%
Equipment Rentals & Repairs	1,390	3,000	3,000	-	(3,000)	-100.0%	(3,000)	-100.0%	20,000	20,000	0.0%
Total Non-Personnel Expenses	**2,363,496**	**1,354,230**	**1,396,230**	**1,186,005**	**(168,225)**	**-12.4%**	**(210,225)**	**-15.1%**	**1,957,505**	**771,500**	**65.1%**
Total Operating Expenses	**3,608,641**	**2,469,002**	**2,564,573**	**2,296,356**	**(172,646)**	**-7.0%**	**(268,217)**	**-10.5%**	**3,132,916**	**836,560**	**36.4%**
Total Non-Operating Expenses	**-**	**-**	**-**	**-**	**-**	**0.0%**	**-**	**0.0%**	**-**	**-**	**0.0%**
Total Expenses	**3,608,641**	**2,469,002**	**2,564,573**	**2,296,356**	**(172,646)**	**-7.0%**	**(268,217)**	**-10.5%**	**3,132,916**	**836,560**	**36.4%**
Equipment Outlay	**-**	**-**	**-**	**-**	**-**	**0.0%**	**-**	**0.0%**	**-**	**-**	**0.0%**
Total Dept Expenses incl Equip Outlay	**$ 3,608,641**	**$ 2,469,002**	**$ 2,564,573**	**$ 2,296,356**	**$ (172,646)**	**-7.0%**	**$ (268,217)**	**-10.5%**	**$ 3,132,916**	**$ 836,560**	**36.4%**

Marketing
Major Drivers of FY 2012 – FY 2013 Budget Increase / (Decrease)

	Inc/(Dec) FY12 vs FY11 Amended	Inc/(Dec) FY12 vs FY12 Conceptual	Inc/(Dec) FY13 Conceptual vs FY12
FY 2011 Amended / FY 2012 Conceptual / FY 2012 Budget	**$ 2,469,002**	**$ 2,564,573**	**$ 2,296,356**
Personnel costs			
Salary adjustments	3,183	(1,817)	37,653
Burden (benefits & employer taxes) increase / (decrease) for current staff	(7,603)	(56,175)	27,406
Total Increase / (Decrease) in personnel costs	**(4,420)**	**(57,992)**	**65,060**
Increase in miscellaneous advertising costs	20,000	25,000	-
Increase / (Decrease) in miscellaneous promotional activities & materials costs	5,000	(15,000)	35,000
Terminal Two Expansion Grand Opening costs	-	-	500,000
Increase / (Decrease) in Green Build advertising costs	(75,000)	(50,000)	150,000
Increase / (Decrease) in use of outside professional consultants	(95,000)	(145,000)	40,000
Other, net	(23,226)	(25,225)	46,500
FY 2012 Budget / FY 2013 Conceptual Budget	**$ 2,296,356**	**$ 2,296,356**	**$ 3,132,916**

Marketing
Departmental Objectives

FY 2011 Progress Report

1. **Provide strategic marketing, advertising, and communications leadership and services to other Authority Divisions and Departments. Ensure on time production both internally and externally to minimize costs. Success equals increasing the number of in-house creative jobs completed in FY 2011.**

   Progress: The Marketing Department has completed over 285 jobs for Authority Departments. This includes many Green Build related jobs. The Marketing Department continues to look for ways to remain sustainable by using recyclable paper, using earth friendly ink, and reducing the financial impact to the Authority by utilizing the in-house marketing team.

   Sustainability Goal: Economic Viability, Operational Excellence.

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

   Fiscal Year: 2011. **Continue in 2012?** Yes

2. **Educate the public on the role of the Airport Authority and the vital role the Airport plays in the San Diego region. The Marketing Director and team will reach out to the business leaders and organizations to ensure the airport messages are communicated. Success equals increasing the awareness of airport related matters that affect both business and community.**

   Progress: The Marketing team continues to do substantial out-reach with key stakeholders including chambers of commerce, local businesses, key organizations, and through outside events. The marketing team also is working with other departments to increase outreach by maximizing mutual key relationships.

   Sustainability Goal: Operational Excellence, Social Responsibility.

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

   Fiscal Year: 2011. **Continue in 2012?** Yes

3. **Increase the number of visitors to the Authority/Airport website. Success equals an increase of 8%-10% overall. In addition, Marketing will continue to test and enhance the web site by implementing advanced technologies to enhance the customer experience and provide access to vital information (e.g. flights, Green Build, contracting opportunities, concessions, etc.) and to improve our communication with the community.**

   Progress: Year over year, the number of unique visitors has increased from 2 million to 2.5 million. This is about a 20% increase. Some of the enhancements include a newer easier-to-use slideshow, streamlining the nonstops page, launching the new Green Build Small Business tutorials, launching the PR text alerts, updating the SAN E-Newsletter, and customizing the airport Twitter page. Additional enhancements include utilizing more videos and making the website even more user friendly will be important in FY 2012. Post-implementation of the web enhancements, web users are diving deeper and accessing more information versus just going to flight tracker.

   Sustainability Goal: Operational Excellence, Social Responsibility.

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

   Fiscal Year: 2011. **Continue in 2012?** Yes

4. **Advance youth education in the areas of airports, aviation, and aviation-related careers, especially through six specific annual outreach programs. Success equals communication through curriculum participation and/or educational item distribution to 10,000 children in the San Diego region.**

   Progress: This year, the Airport Authority participated in many youth education outreach events. These included the YMCA Camp, the Miramar Air Show, Girls Engineering Day, The Storybook Ball, Problem Solving Conference, Biz Town, the Holiday Bowl, and Fleet Week. Marketing estimates connections to 9,600 students through aviation education outreach efforts this year so far. By the end of the fiscal year, that number should be over 15,000. Future events include Kidsfest, the Year of the Rabbit Festival, The Navy Centennial event, and Biz Town. The marketing team continues to look for additional sustainable opportunities within the community to expand our reach.

   Sustainability Goal: Operational Excellence, Social Responsibility.

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

   Fiscal Year: 2011. **Continue in 2012?** Yes

Marketing
Departmental Objectives

FY 2012 – FY 2013 Objectives

1. **Provide strategic marketing, advertising, and communications leadership and services to other Authority Divisions and Departments. We will ensure on-time production both internally and externally to minimize costs. Success equals increasing the number of in-house creative jobs completed in FY 2012.**

   Sustainability Goal: Economic Viability, Operational Excellence.

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

2. **Educate the public on the role of the Airport Authority and the vital role the Airport plays in the San Diego region. The Marketing Director and team will reach out to the business leaders and organizations to ensure the airport messages are communicated. Success equals increasing the awareness of airport related matters that affect both business and community.**

   Sustainability Goal: Economic Viability, Social Responsibility.

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

3. **Increase the number of visitors to the Authority/Airport website. Success equals an increase of 8%-10% overall. In addition, Marketing will continue to test and enhance the web site by implementing advanced technologies to enhance the customer experience and provide access to vital information (e.g. flights, Green Build, contracting opportunities, concessions etc.) and to improve our communication with the community.**

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

   Authority Strategy: Strategy #1: Enhance the financial position of the Authority. Strategy #2: Achieve the highest level of internal and external customer satisfaction. Strategy #3: Operate our airport in a safe, secure, environmentally-sound, effective and efficient manner. Strategy #5: Be a trusted and highly responsive regional agency.

4. **Advance youth education in the areas of airports, aviation, and aviation-related careers, through six specific annual outreach programs. Success equals communication through curriculum participation and/or educational item distribution to 11,000 children in the San Diego region.**

   Sustainability Goal: Operational Excellence, Social Responsibility.

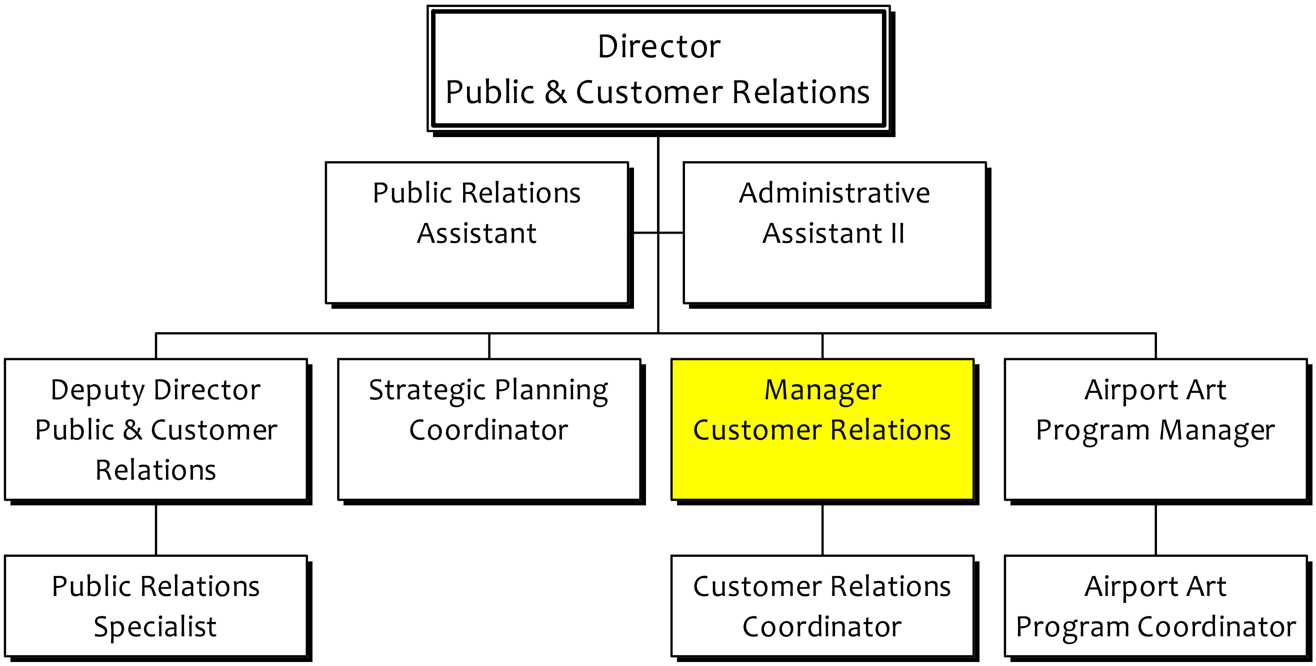
   Authority Strategy: Strategy #2: Achieve the highest level of internal and external customer satisfaction. Strategy #5: Be a trusted and highly responsive regional agency.

5. **Advance the role of marketing at airports through the participation in the ACI-NA Marketing and Communications Steering Committee and other industry organizations.**

   Sustainability Goal: Operational Excellence, Economic Viability.

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

Public & Customer Relations
FY 2012 – FY 2013 Organizational Structure



** No personnel changes planned for FY 2013*
** Unfunded position shown in yellow*

Public & Customer Relations

FY 2012 – FY 2013 Expense Budget Summary

	FY 2010 Actuals	FY 2011 Amended Budget	FY 2012 Conceptual Budget	FY 2012 Budget	Inc/(Dec) FY12 vs FY11 Amended	% Change	Inc/(Dec) FY12 vs FY12 Conceptual	% Change	FY 2013 Conceptual Budget	Inc/(Dec) FY13 Conceptual vs FY12	% Change
Operating Expenses:											
Personnel Expenses											
Salaries and Wages	$ 702,806	$ 695,595	$ 695,595	$ 699,441	$ 3,846	0.6%	$ 3,846	0.6%	$ 720,425	$ 20,983	3.0%
Premium Overtime	-	2,000	2,000	2,000	-	0.0%	-	0.0%	2,000	-	0.0%
Employee Benefits	261,126	314,265	348,833	322,653	8,388	2.7%	(26,181)	-7.5%	343,208	20,555	6.4%
Subtotal	963,932	1,011,860	1,046,428	1,024,094	12,234	1.2%	(22,334)	-2.1%	1,065,633	41,539	4.1%
Less: Capitalized Labor	-	-	-	-	-	0.0%	-	0.0%	-	-	0.0%
Total Personnel Expenses	**963,932**	**1,011,860**	**1,046,428**	**1,024,094**	**12,234**	**1.2%**	**(22,334)**	**-2.1%**	**1,065,633**	**41,539**	**4.1%**
Non-Personnel Expenses											
Contractual Services	1,210,082	1,831,956	1,662,200	1,247,300	(584,656)	-31.9%	(414,900)	-25.0%	1,297,300	50,000	4.0%
Safety and Security	-	-	-	-	-	0.0%	-	0.0%	-	-	0.0%
Space Rental	-	-	-	-	-	0.0%	-	0.0%	-	-	0.0%
Utilities	-	500	500	500	-	0.0%	-	0.0%	500	-	0.0%
Maintenance	-	-	-	-	-	0.0%	-	0.0%	-	-	0.0%
Operating Equipment & Systems	8,295	7,250	3,000	1,500	(5,750)	-79.3%	(1,500)	-50.0%	1,500	-	0.0%
Operating Supplies	9,959	10,000	17,700	10,000	-	0.0%	(7,700)	-43.5%	10,000	-	0.0%
Insurance	-	-	-	-	-	0.0%	-	0.0%	-	-	0.0%
Employee Programs	69,755	69,100	110,450	53,600	(15,500)	-22.4%	(56,850)	-51.5%	53,800	200	0.4%
Business Development	185,781	214,950	250,330	178,000	(36,950)	-17.2%	(72,330)	-28.9%	178,000	-	0.0%
Equipment Rentals & Repairs	-	6,500	10,500	3,000	(3,500)	-53.8%	(7,500)	-71.4%	2,500	(500)	-16.7%
Total Non-Personnel Expenses	**1,483,873**	**2,140,256**	**2,054,680**	**1,493,900**	**(646,356)**	**-30.2%**	**(560,780)**	**-27.3%**	**1,543,600**	**49,700**	**3.3%**
Total Operating Expenses	**2,447,804**	**3,152,116**	**3,101,108**	**2,517,994**	**(634,122)**	**-20.1%**	**(583,114)**	**-18.8%**	**2,609,233**	**91,239**	**3.6%**
Total Non-Operating Expenses	**-**	**-**	**-**	**-**	**-**	**0.0%**	**-**	**0.0%**	**-**	**-**	**0.0%**
Total Expenses	**2,447,804**	**3,152,116**	**3,101,108**	**2,517,994**	**(634,122)**	**-20.1%**	**(583,114)**	**-18.8%**	**2,609,233**	**91,239**	**3.6%**
Equipment Outlay	**-**	**-**	**-**	**-**	**-**	**0.0%**	**-**	**0.0%**	**-**	**-**	**0.0%**
Total Dept Expenses incl Equip Outlay	**$ 2,447,804**	**$ 3,152,116**	**$ 3,101,108**	**$ 2,517,994**	**$ (634,122)**	**-20.1%**	**$ (583,114)**	**-18.8%**	**$ 2,609,233**	**$ 91,239**	**3.6%**

Public & Customer Relations
Major Drivers of FY 2012 – FY 2013 Budget Increase / (Decrease)

	Inc/(Dec) FY12 vs FY11 Amended	Inc/(Dec) FY12 vs FY12 Conceptual	Inc/(Dec) FY13 Conceptual vs FY12
FY 2011 Amended / FY 2012 Conceptual / FY 2012 Budget	**$ 3,152,116**	**$ 3,101,108**	**$ 2,517,994**
Personnel costs			
Burden (benefits & employer taxes) increase / (decrease) for current staff	8,388	(26,181)	20,555
Salary adjustments	3,846	3,846	20,983
Total Increase / (Decrease) in personnel costs	**12,234**	**(22,334)**	**41,539**
Increase in Regional Aviation Strategic Plan (RASP) public outreach costs	8,000	125,000	-
Increase / (Decrease) in seminars & training costs	3,000	(13,150)	-
(Decrease) in employee development travel costs	(3,000)	(28,000)	-
(Decrease) in postage & shipping costs	(13,000)	(17,180)	-
(Decrease) in promotional activities & materials costs	(16,000)	(44,400)	-
(Decrease) in use of other outside professional consultants	(115,056)	(143,300)	-
Increase / (Decrease) in Green Build public outreach costs	(483,000)	(400,000)	50,000
Other, net	(27,300)	(39,750)	(300)
FY 2012 Budget / FY 2013 Conceptual Budget	**$ 2,517,994**	**$ 2,517,994**	**$ 2,609,233**

Public & Customer Relations
Departmental Objectives

FY 2011 Progress Report

1. **'New Media' Communications Initiatives: Explore and develop series of 'New Media' communications initiatives to engage the public and other stakeholders in new and innovative ways.**

   Progress: We have successfully launched two effective new social media tools for the Airport Authority in FY 2011: the Flickr photo sharing online service and an SMS text messaging service providing the public updates on Green Build construction alerts and other news from the Airport Authority.

   Sustainability Goal: Operational Excellence, Social Responsibility.

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

   Fiscal Year: 2011. **Continue in 2012?** Yes, modified to SMART standards.

2. **Public Outreach Program: Elicit meaningful participation and input from the public and other stakeholders on the Terminal 2 improvements, SDIA long-range vision plan, and Regional Air Strategic Plan (RASP).**

   Progress: On target with various media briefings, community meetings, news releases, social media communications, Board briefings and presentations for the Green Build, and SDIA Airport Land Use Compatibility Plan carried out in the first & second quarter of FY 2011. Similar efforts for the SDIA Long-Range Vision Plan are planned for third quarter FY 2011.

   Sustainability Goal: Operational Excellence, Social Responsibility.

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

   Fiscal Year: 2011. **Continue in 2012?** Yes, modified to SMART standards.

3. **Initiate a new branding campaign to establish a unique and distinct identification for San Diego International Airport's airport art program by June 30, 2010.**

   Progress: Accomplished in the first and second quarter of FY 2011 with launch of the new Airport Art section of the Authority website, development of new Airport Art logo, production of new Airport Art collateral material, and outreach to the community regarding the new identity for the Airport Art Program.

   Sustainability Goal: Operational Excellence.

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

   Fiscal Year: 2011. **Continue in 2012?** No.

4. **Public Outreach: Elicit meaningful participation and input from the public and other stakeholders on The Green Build, Regional Aviation Strategic Plan (RASP), and Airport Land Use Compatibility Plans (ALUCPs) by increasing the number of, and improving and monitoring the effectiveness of, the ways these audiences can interact with the Airport Authority regarding these issues. Success equals:**

   - **reaching at least 1,800 Twitter followers by the middle of FY 2011 and 2,000 by the end of FY 2011**
   - **reaching at least 25,000 Ambassablog visitors by the end of FY 2011**
   - **reaching at least 750 Facebook fans by the end of FY 2011**
   - **consistently reaching out to at least 1,000 e-alert recipients.**

   Progress:

   - Twitter goal: Surpassed, with 3,217 Twitter followers as of January 28, 2011
   - Ambassablog goal: Surpassed, with 32,146 Ambassablog visitors as of January 28, 2011.
   - Facebook goal: Surpassed, with 1,180 Facebook fans as of Januray 28, 2011.
   - E-alert recipients goal: on target, with several e-alerts sent out for past Green Build activities, and more planned on an ongoing basis.

   Sustainability Goal: Operational Excellence, Social Responsibility.

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

   Fiscal Year: 2011. **Continue in 2012?** Yes.

5. **Social Media: Build Airport Authority's social media outreach and enhance communications with stakeholders and the community regarding The Green Build by adding the Flickr photo sharing service to the social media tools currently being used (Facebook, Twitter and the employee blog). Success equals establishing an Airport Authority presence on Flickr by the middle of FY 2011.**

   Progress: Achieved. Flickr added and activated for the Airport Authority in second quarter FY 2011.

   Sustainability Goal: Operational Excellence, Social Responsibility.

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

   Fiscal Year: 2011. **Continue in 2012?** No.

6. **ADA Communications launch a new section of the www.san.org website specifically tailored to the needs of visitors with disabilities. Success equals getting the website up and running by the end of FY 2011.**

   Progress: On target. Reached out to three groups representing people with disabilities in second quarter FY 2011 and will reach out to one more in third quarter FY 2011 in order to gauge expectations and needs. Also surveyed 12 other airports for best practices in this area in the first and second quarters of FY 2011.

   Sustainability Goal: Operational Excellence, Social Responsibility.

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

   Fiscal Year: 2011. **Continue in 2012?** No (will be completed).

7. **Public Art: Initiate a new branding campaign to establish a unique and distinct identification for San Diego International Airport's airport art program by June 30, 2010. Success equals launching the campaign by the end of FY 2010.**

   Progress: Completed.

   Sustainability Goal: Operational Excellence.

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

   Fiscal Year: 2011. **Continue in 2012?** No.

Public & Customer Relations
Departmental Objectives

FY 2012 – FY 2013 Objectives

1. **Launch a comprehensive mobile device application for San Diego International Airport by third quarter FY 2012.**

   Sustainability Goals: Operational Excellence, Social Responsibility

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

2. **Develop and launch Authority-wide "Perfecting the Approach" customer service training program by fourth quarter FY 2012.**

   Sustainability Goal: Operational Excellence

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

3. **Reach out to the public and media using conventional and social media tools at each pre-determined milestone for The Green Build, SDIA Airport Land Use Compatibility Plan, and SDIA Long-Range Vision Plan and show results with news coverage and social media comments from the public for each outreach effort over the course of FY 2012 and FY 2013.**

   Sustainability Goal: Social Responsibility

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

4. **Establish a revenue-generating art sponsorship program whereby suitable sponsors are identified for both the Public Art Program (by third quarter FY 2012) and the Temporary and Rotating Exhibits Program (by second quarter FY 2012), with revenue streams from these efforts realized by first quarter FY 2013.**

   Sustainability Goal: Economic Viability

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

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Planning & Operations Division

Planning & Operations Division

Overview

The Planning & Operations Division is responsible for complying with several legislative mandates for San Diego International Airport and the Airport Authority, including compliance with state and federal environmental laws, development of the strategic plan for meeting the air transportation needs of the San Diego region, and support for the Authority Board in reviewing land use decisions in the areas surrounding the region's airports. The division frequently coordinates with regulatory agencies and regional transportation partners to accomplish the Authority's initiatives. The division is also responsible for meeting the safety and operational needs of the traveling public, both landside and airside. The division consists of five departments with distinctly different goals and responsibilities.

The **Airport Planning Department** is responsible for all short- and long-term planning for SDIA and the Airport Authority. It is also responsible for supporting the Authority Board in its role as the Airport Land Use Commission, as well as in the development of the comprehensive land use plans for all public airports in San Diego County (including military airfields). The Department also:

- Provides technical support in the Authority's efforts to meet the regional air transportation needs of San Diego County
- Updates the Airport Master Plan, including Master Plan Amendments
- Ensures compliance with environmental laws governing development at the Airport, including the California Environmental Quality Act, the National Environmental Policy Act, and the California Coastal Act

The **Airside Operations Department** oversees the myriad of daily activities occurring on the airfield and is responsible for maintaining a safe, secure environment in which the Airport's tenants can operate. The department manages these activities in accordance with Federal and State regulations, local ordinances, and the Airport's Rules and Regulations. Trained Duty Managers monitor conditions on the airfield and in the terminals around the clock, direct remedial action to repair inoperative systems, and summon fire, police, and life safety responders to urgent situations or potential emergencies. The department also:

- Develops, administers, and implements the Airport Certification Manual (ACM)

The **Aviation Security & Public Safety Department** implements all required FAA and TSA security programs and security equipment improvements. The Department also:

- Manages the Service Level Agreement with Harbor Police
- Coordinates with all Homeland Security and state agencies for passenger inspection services
- Develops, administers, and implements the Airport Security Program (ASP) and Airport Emergency Plan (AEP).
- Ensures high level of emergency / crisis preparedness through coordination with local, State, and Federal agencies

The Directors of the Airside Operations Department and Aviation Security & Public Safety Department have been consolidated into one position: the *Director of Aviation Operations & Public Safety.*

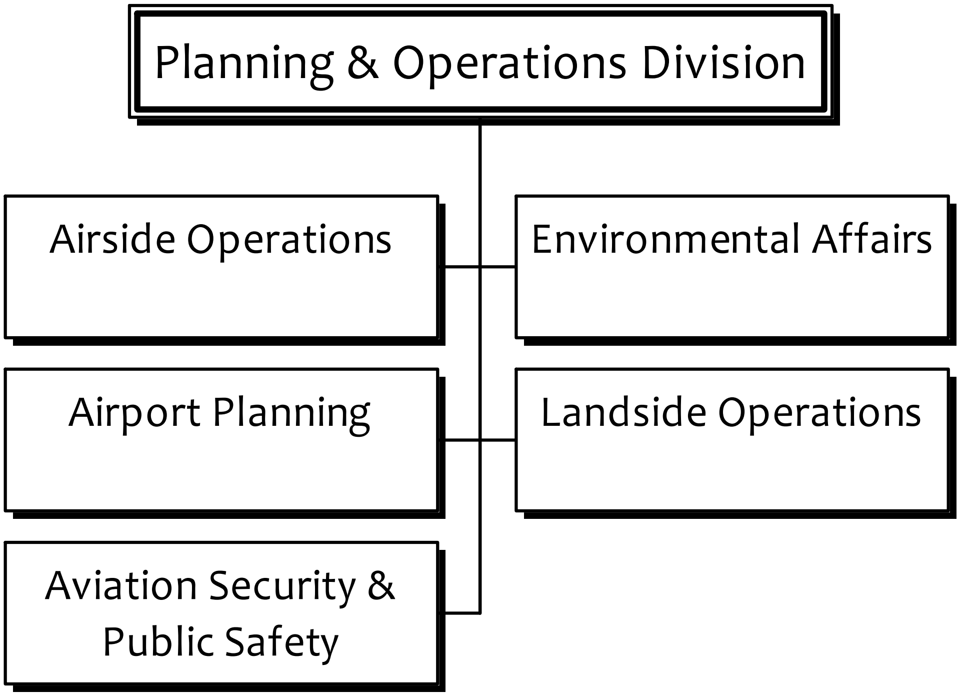
The **Environmental Affairs Department** manages environmental-related programs, including regulatory compliance, water and air quality, site remediation, hazardous material handling, and natural resources protection. The department interfaces with other Authority departments to assess potential environmental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

The various programs administered by Environmental Affairs are as follows:

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

The **Landside Operations Department** oversees the terminal operations, including facility conditions and tenant activities (e.g. airline, federal inspection service, concessionaires, etc.). The department coordinates facility improvements, maintenance, and repair activities within the terminal and landside areas. Additionally, the department manages and enforces ground transportation movement at the terminal complex and parking lots with Airport traffic officers.

Planning & Operations Division
Organizational Structure



Personnel Summary

	FY 2010 Authorized & Funded Positions	FY 2011 Authorized & Funded Positions	FY 2012 Transfers	FY 2012 New / (Eliminated) Positions	FY 2012 (Frozen)/ Unfrozen Positions	FY2012 Authorized & Funded Positions	FY 2013 New / (Eliminated) Positions	FY 2013 (Frozen)/ Unfrozen Positions	FY2013 Authorized & Funded Positions
Planning & Operations									
Environmental Affairs	7	7	-	-	(1)	6	-	-	6
Airport Planning	11	11	-	-	(1)	10	-	-	10
Landside Operations	46	54	-	-	-	54	-	-	54
Aviation Security & Public Safety	12	11	-	-	-	11	-	-	11
Airside Operations	16	16	-	-	-	16	3	1	20
Total	**92**	**99**	**-**	**-**	**(2)**	**97**	**3**	**1**	**101**
Authorized and Unfunded Positions	5	1	-	-	-	3	-	-	2
Total Authorized Positions	**97**	**100**	**-**	**-**	**-**	**100**	**3**	**-**	**103**

Planning & Operations Division
FY 2012 – FY 2013 Expense Budget Summary

	FY 2010 Actuals	FY 2011 Amended Budget	FY 2012 Conceptual Budget	FY 2012 Budget	Inc/(Dec) FY12 vs FY11 Amended	% Change	Inc/(Dec) FY12 vs FY12 Conceptual	% Change	FY 2013 Conceptual Budget	Inc/(Dec) FY13 Conceptual vs FY12	% Change
Operating Expenses:											
Personnel Expenses											
Salaries and Wages	$ 6,041,730	$ 6,487,292	$ 6,589,916	$ 6,244,751	$ (242,541)	-3.7%	$ (345,165)	-5.2%	$ 6,508,148	$ 263,396	4.2%
Premium Overtime	171,306	266,093	266,093	210,483	(55,610)	-20.9%	(55,610)	-20.9%	210,483	-	0.0%
Employee Benefits	2,625,543	3,363,722	3,928,258	3,297,119	(66,604)	-2.0%	(631,139)	-16.1%	3,574,968	277,849	8.4%
Subtotal	8,838,579	10,117,108	10,784,267	9,752,352	(364,756)	-3.6%	(1,031,915)	-9.6%	10,293,597	541,245	5.5%
Less: Capitalized Labor	-	*(423,710)*	*(462,000)*	*(371,028)*	52,682	-12.4%	90,972	-19.7%	*(384,550)*	(13,522)	3.6%
Total Personnel Expenses	**8,838,579**	**9,693,398**	**10,322,267**	**9,381,324**	**(312,074)**	**-3.2%**	**(940,943)**	**-9.1%**	**9,909,047**	**527,723**	**5.6%**
Non-Personnel Expenses											
Contractual Services	8,178,067	9,395,520	8,366,589	7,258,140	(2,137,380)	-22.7%	(1,108,449)	-13.2%	7,749,647	491,507	6.8%
Safety and Security	20,131,012	20,657,433	20,772,833	20,850,032	192,599	0.9%	77,199	0.4%	20,850,032	-	0.0%
Space Rental	-	-	-	-	-	0.0%	-	0.0%	-	-	0.0%
Utilities	1,897	3,400	3,000	1,000	(2,400)	-70.6%	(2,000)	-66.7%	1,000	-	0.0%
Maintenance	1,536,684	1,377,238	1,354,000	1,320,856	(56,382)	-4.1%	(33,144)	-2.4%	1,320,856	-	0.0%
Operating Equipment & Systems	78,951	143,600	124,650	89,700	(53,900)	-37.5%	(34,950)	-28.0%	114,000	24,300	27.1%
Operating Supplies	214,073	162,640	183,226	128,140	(34,500)	-21.2%	(55,086)	-30.1%	151,140	23,000	17.9%
Insurance	-	-	-	-	-	0.0%	-	0.0%	-	-	0.0%
Employee Programs	218,825	220,675	226,905	213,975	(6,700)	-3.0%	(12,930)	-5.7%	213,975	-	0.0%
Business Development	86,175	91,990	134,050	105,265	13,275	14.4%	(28,785)	-21.5%	80,265	(25,000)	-23.7%
Equipment Rentals & Repairs	49,073	48,850	48,850	43,000	(5,850)	-12.0%	(5,850)	-12.0%	43,000	-	0.0%
Total Non-Personnel Expenses	**30,494,757**	**32,101,346**	**31,214,103**	**30,010,108**	**(2,091,238)**	**-6.5%**	**(1,203,995)**	**-3.9%**	**30,523,915**	**513,807**	**1.7%**
Total Operating Expenses	**39,333,336**	**41,794,744**	**41,536,370**	**39,391,433**	**(2,403,311)**	**-5.8%**	**(2,144,937)**	**-5.2%**	**40,432,963**	**1,041,530**	**2.6%**
Total Non-Operating Expenses	**-**	**-**	**-**	**-**	**-**	**0.0%**	**-**	**0.0%**	**-**	**-**	**0.0%**
Total Expenses	**39,333,336**	**41,794,744**	**41,536,370**	**39,391,433**	**(2,403,311)**	**-5.8%**	**(2,144,937)**	**-5.2%**	**40,432,963**	**1,041,530**	**2.6%**
Equipment Outlay	**164,943**	**25,000**	**25,000**	**-**	**(25,000)**	**-100.0%**	**(25,000)**	**-100.0%**	**-**	**-**	**0.0%**
Total Division Expenses incl Equip Outlay	**$ 39,498,279**	**$ 41,819,744**	**$ 41,561,370**	**$ 39,391,433**	**$ (2,428,311)**	**-5.8%**	**$ (2,169,937)**	**-5.2%**	**$ 40,432,963**	**$ 1,041,530**	**2.6%**

Planning & Operations Division

Major Drivers of FY 2012 Budget Increase / (Decrease)

	Inc/(Dec) FY12 vs FY11 Amended	Inc/(Dec) FY12 vs FY12 Conceptual
FY 2011 Amended Budget / FY2012 Conceptual	**$ 41,819,744**	**$ 41,561,370**
Personnel costs		
Change in capitalized labor	52,682	90,972
Burden (benefits & employer taxes) increase/(decrease) for current staff	12,552	(551,983)
Frozen position salary and burden	(247,411)	(247,411)
Salary adjustments	(129,896)	(232,520)
Total (Decrease) in personnel costs	**(312,073)**	**(940,942)**
Increase in ARFF contract costs	1,222,600	1,146,200
(Decrease) in airport custodial contract	(54,649)	(129,169)
(Decrease) in security guard services	(60,100)	(99,100)
(Decrease) in temporary personnel	(140,400)	(140,400)
(Decrease) in GIS tool costs	(160,000)	-
(Decrease) in other outside professional services Airport Planning	(285,000)	(200,000)
(Decrease) in Airport Land Use Compatibility Plans (ALUCPs) costs	(341,000)	(341,000)
(Decrease) in Harbor Police costs	(1,000,603)	(1,000,603)
(Decrease) in Regional Aviation Strategic Plan (RASP) costs	(1,100,000)	(200,000)
Other, net	(197,086)	(264,923)
Total (Decrease) in non-personnel costs	**(2,116,238)**	**(1,228,995)**
Total (Decrease)	**(2,428,311)**	**(2,169,937)**
FY 2012 Budget	**$ 39,391,433**	**$ 39,391,433**

Planning & Operations Division
Major Drivers of FY 2013 Conceptual Budget Increase / (Decrease)

	Inc/(Dec) FY13 Conceptual vs FY12
FY 2012 Budget	**$ 39,391,433**
Personnel costs	
Burden (benefits & employer taxes) increase for current staff	241,438
Salary adjustments	189,428
4 new Duty Manager positions	112,070
Change in capitalized labor	(13,522)
Total Increase in personnel costs	**529,415**
Increase in airport custodial contract	314,107
Increase in GIS tool costs	160,000
Increase in other outside professional services Airport Planning	60,000
(Decrease) in Airport Land Use Compatibility Plans (ALUCPs) costs	(18,000)
(Decrease) in temporary personnel	(24,600)
Other, net	20,609
Total Increase in non-personnel costs	**512,115**
Total Increase	**1,041,530**
FY 2013 Conceptual Budget	**$ 40,432,963**

Planning & Operations Division
FY 2012 – FY 2013 Expense Budget by Department

Department		FY 2012 Budget
Aviation Security & Public Safety	$	18,397,443
Landside Operations		8,781,711
Airside Operations		7,112,934
Airport Planning		3,265,975
Environmental Affairs		1,833,370
Total	**$**	**39,391,433**

** Departmental totals may differ due to rounding*

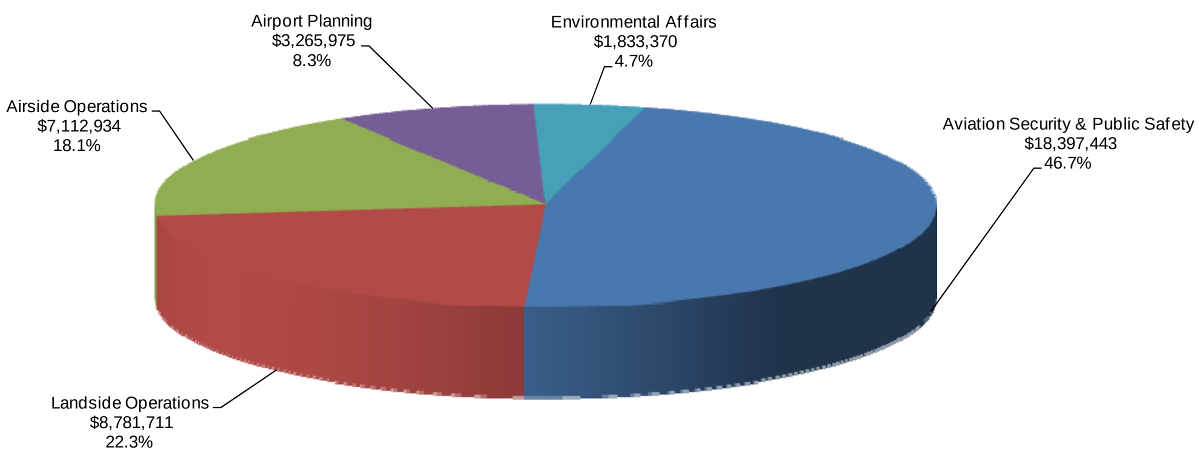


Figure 42 – FY 2012 Expense Budget by Department

Planning & Operations Division

FY 2012 – FY 2013 Expense Budget by Department (cont.)

Department	FY 2013 Conceptual Budget
Aviation Security & Public Safety	$ 18,446,969
Landside Operations	9,265,577
Airside Operations	7,333,205
Airport Planning	3,520,531
Environmental Affairs	1,866,681
Total	**$ 40,432,963**

** Departmental totals may differ due to rounding*

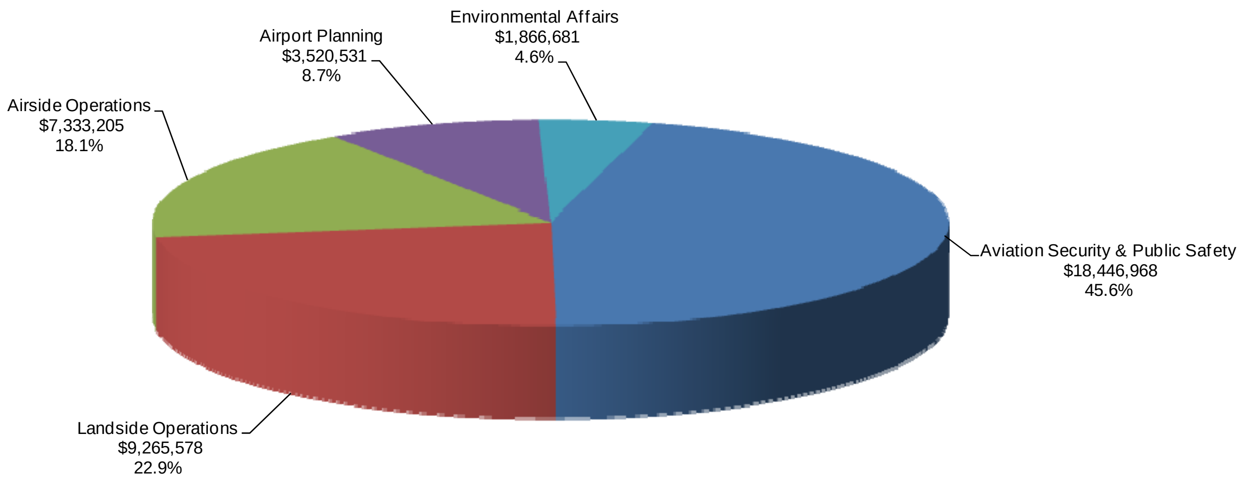
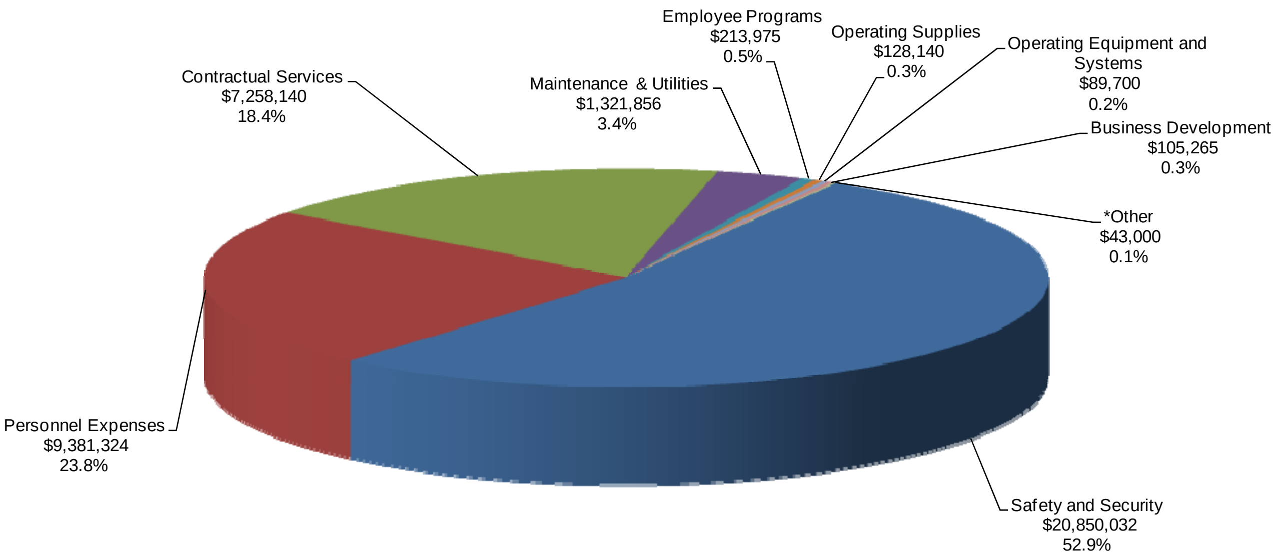


Figure 43 – FY 2013 Conceptual Budget Expense Budget by Department

Planning & Operations Division
FY 2012 – FY 2013 Expense Budget by Category

Category		FY 2012 Budget
Safety & Security	$	20,850,032
Personnel Expenses		9,381,324
Contractual Services		7,258,140
Maintenance & Utilities		1,321,856
Employee Programs		213,975
Operating Supplies		128,140
Business Development		105,265
Operating Equipment & Systems		89,700
*Other		43,000
Total	**$**	**39,391,433**

** Category totals may differ due to rounding*



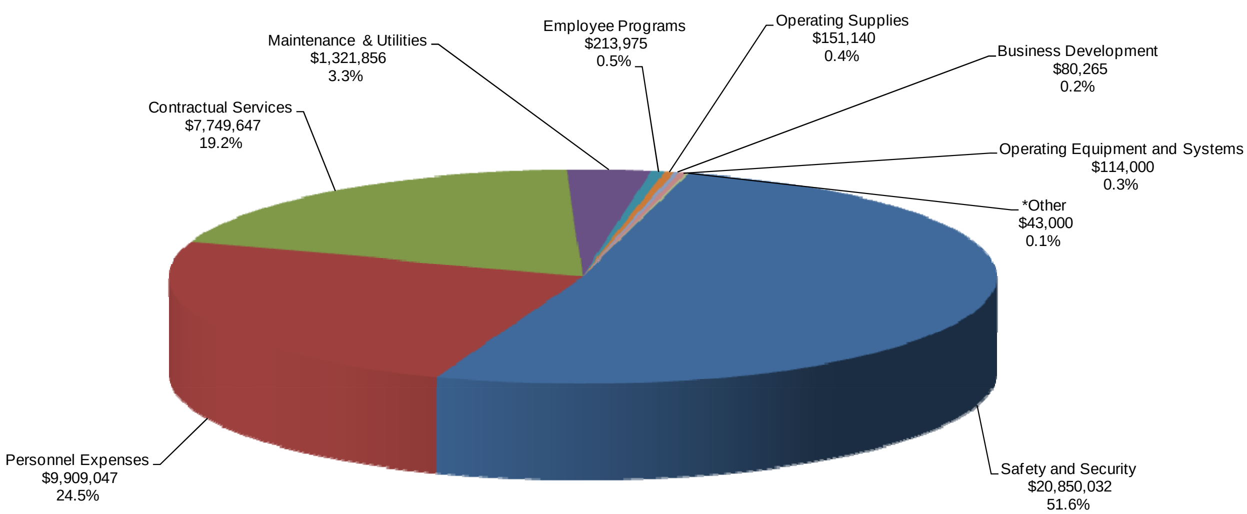
*Other includes equipment rentals & repairs and equipment outlays

Figure 44 - FY 2012 Expense Budget by Category

Planning & Operations Division
FY 2012 – FY 2013 Expense Budget by Category (cont.)

Category	FY 2013 Conceptual Budget
Safety & Security	$ 20,850,032
Personnel Expenses	9,909,047
Contractual Services	7,749,647
Maintenance & Utilities	1,321,856
Employee Programs	213,975
Operating Supplies	151,140
Operating Equipment & Systems	114,000
Business Development	80,265
*Other	43,000
Total	**$ 40,432,963**

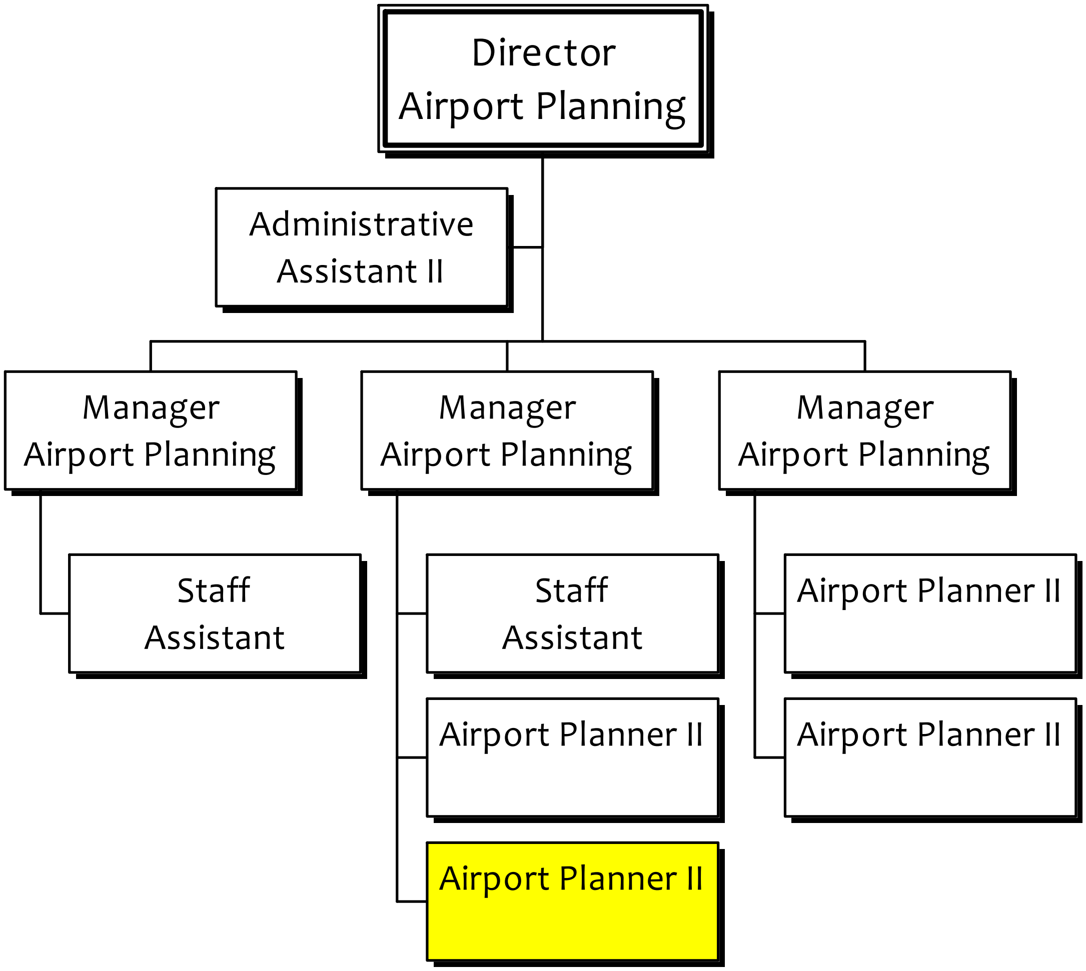
** Category totals may differ due to rounding*



*Other includes equipment rentals & repairs and equipment outlays

Figure 45 – FY 2013 Expense Budget by Category

Airport Planning
FY 2012 – FY 2013 Organizational Structure



** No personnel changes planned for FY 2013*
** Unfunded position shown in yellow*

Airport Planning
FY 2012 - FY 2013 Expense Budget Summary

	FY 2010 Actuals	FY 2011 Amended Budget	FY 2012 Conceptual Budget	FY 2012 Budget	Inc/(Dec) FY12 vs FY11 Amended	% Change	Inc/(Dec) FY12 vs FY12 Conceptual	% Change	FY 2013 Conceptual Budget	Inc/(Dec) FY13 Conceptual vs FY12	% Change
Operating Expenses:											
Personnel Expenses											
Salaries and Wages	$ 942,878	$ 910,391	$ 910,391	$ 845,288	$ (65,104)	-7.2%	$ (65,104)	-7.2%	$ 870,459	25,171	3.0%
Premium Overtime	1,360	9,248	9,248	-	(9,248)	-100.0%	(9,248)	-100.0%	-	-	0.0%
Employee Benefits	352,686	409,552	473,425	384,087	(25,464)	-6.2%	(89,337)	-18.9%	411,472	27,385	7.1%
Subtotal	1,296,924	1,329,191	1,393,064	1,229,375	(99,816)	-7.5%	(163,689)	-11.8%	1,281,931	52,557	4.3%
Less: Capitalized Labor	-	-	-	-	-	0.0%	-	0.0%	-	-	0.0%
Total Personnel Expenses	**1,296,924**	**1,329,191**	**1,393,064**	**1,229,375**	**(99,816)**	**-7.5%**	**(163,689)**	**-11.8%**	**1,281,931**	**52,557**	**4.3%**
Non-Personnel Expenses											
Contractual Services	2,687,110	3,890,000	2,743,000	1,992,000	(1,898,000)	-48.8%	(751,000)	-27.4%	2,194,000	202,000	10.1%
Safety and Security	-	-	-	-	-	0.0%	-	0.0%	-	-	0.0%
Space Rental	-	-	-	-	-	0.0%	-	0.0%	-	-	0.0%
Utilities	-	2,000	2,000	-	(2,000)	-100.0%	(2,000)	-100.0%	-	-	0.0%
Maintenance	-	-	-	-	-	0.0%	-	0.0%	-	-	0.0%
Operating Equipment & Systems	6,630	5,000	5,000	-	(5,000)	-100.0%	(5,000)	-100.0%	-	-	0.0%
Operating Supplies	10,313	18,000	18,000	5,000	(13,000)	-72.2%	(13,000)	-72.2%	5,000	-	0.0%
Insurance	-	-	-	-	-	0.0%	-	0.0%	-	-	0.0%
Employee Programs	38,540	19,300	22,700	21,800	2,500	13.0%	(900)	-4.0%	21,800	-	0.0%
Business Development	17,241	26,500	22,800	17,800	(8,700)	-32.8%	(5,000)	-21.9%	17,800	-	0.0%
Equipment Rentals & Repairs	3,675	-	-	-	-	0.0%	-	0.0%	-	-	0.0%
Total Non-Personnel Expenses	**2,763,509**	**3,960,800**	**2,813,500**	**2,036,600**	**(1,924,200)**	**-48.6%**	**(776,900)**	**-27.6%**	**2,238,600**	**202,000**	**9.9%**
Total Operating Expenses	**4,060,433**	**5,289,991**	**4,206,564**	**3,265,975**	**(2,024,016)**	**-38.3%**	**(940,589)**	**-22.4%**	**3,520,531**	**254,557**	**7.8%**
Total Non-Operating Expenses	**-**	**-**	**-**	**-**	**-**	**0.0%**	**-**	**0.0%**	**-**	**-**	**0.0%**
Total Expenses	**4,060,433**	**5,289,991**	**4,206,564**	**3,265,975**	**(2,024,016)**	**-38.3%**	**(940,589)**	**-22.4%**	**3,520,531**	**254,557**	**7.8%**
Equipment Outlay	**-**	**-**	**-**	**-**	**-**	**0.0%**	**-**	**0.0%**	**-**	**-**	**0.0%**
Total Dept Expenses incl Equip Outlay	**$ 4,060,433**	**$ 5,289,991**	**$ 4,206,564**	**$ 3,265,975**	**$ (2,024,016)**	**-38.3%**	**$ (940,589)**	**-22.4%**	**$ 3,520,531**	**$ 254,557**	**7.8%**

Airport Planning
Major Drivers of FY 2012 – FY 2013 Budget Increase / (Decrease)

	Inc/(Dec) FY12 vs FY11 Amended	Inc/(Dec) FY12 vs FY12 Conceptual	Inc/(Dec) FY13 Conceptual vs FY12
FY 2011 Amended Budget / FY 2012 Conceptual / FY 2012 Budget	**$ 5,289,991**	**$ 4,206,564**	**$ 3,265,975**
Personnel costs			
Burden (benefits & employer taxes) increase/(decrease) for current staff	17,908	(45,965)	27,385
Salary Adjustments	15,440	15,440	25,171
Frozen Position Salary and Burden	(133,164)	(133,164)	-
Total Increase / (Decrease) in personnel costs	**(99,816)**	**(163,689)**	**52,557**
Increase / (Decrease) in GIS tool costs	(160,000)	-	160,000
Increase / (Decrease) in other outside professional services Airport Planning	(285,000)	(200,000)	60,000
(Decrease) in Airport Land Use Compatibility Plans (ALUCPs) costs	(341,000)	(341,000)	(18,000)
(Decrease) in Regional Aviation Strategic Plan (RASP) costs	(1,100,000)	(200,000)	-
Other, net	(38,200)	(35,900)	-
Total Increase / (Decrease) in non-personnel costs	**(1,924,200)**	**(776,900)**	**202,000**
Total Increase / (Decrease)	**(2,024,016)**	**(940,589)**	**254,557**
FY 2012 Budget / FY 2013 Conceptual Budget	**$ 3,265,975**	**$ 3,265,975**	**$ 3,520,531**

Airport Planning
Departmental Objectives

FY 2011 Progress Report

1. **Present the ALUC with the five urban airport ALUCPs by summer of 2009. Also begin work on the San Diego International Airport ALUCP and prepare for the release of the North Island and Imperial Beach Air Installation Compatible Use Zones (AICUZ) document with a goal of completing the ALUCP for SDIA in spring 2010 and the military bases within 9 months of receiving the AICUZ.**

   Progress: Complete.

   Sustainability Goal: Operational Excellence.

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

   Fiscal Year: 2011. **Continue in 2012?** No.

2. **By September 2009, complete aviation demand allocation for RASP. By January 2010, complete airport system baseline and continue with remaining phases toward a June 2011 completion.**

   Progress: Complete.

   Sustainability Goal: Operational Excellence.

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

   Fiscal Year: 2011. **Continue in 2012?** No.

3. **Provided that funding is made available, complete the Master Plan Update by June 2011.**

   Progress: On Target.

   Sustainability Goal: Operational Excellence.

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

   Fiscal Year: 2011. **Continue in 2012?** Yes, as rewritten.

4. **Obtain contract approval from Board for Master Plan Phase II and complete Existing Conditions analysis no later than June 30, 2011, pending funding availibility.**

   Progress: On Target.

   Sustainability Goal: Operational Excellence.

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

   Fiscal Year: 2011. **Continue in 2012?** Yes, as rewritten.

5. **Prepare parking plan for TDY property no later than December 31, 2010, pending funding availibility.**

   Progress: On Target.

   Sustainability Goal: Operational Excellence.

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

   Fiscal Year: 2011. **Continue in 2012?** Yes, as rewritten.

6. **Complete Regional Aviation Strategic Plan (RASP) no later than December 31, 2010, pending funding availibility.**

   Progress: Complete.

   Sustainability Goal: Operational Excellence.

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

   Fiscal Year: 2011. **Continue in 2012?** No.

7. **Produce Draft SDIA ALUCP for internal review no later than June 30, 2011.**

   Progress: On Target.

   Sustainability Goal: Operational Excellence.

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

   Fiscal Year: 2011. **Continue in 2012?** Yes, as rewritten.

Airport Planning
Departmental Objectives

FY 2012 – FY 2013 Objectives

1. **Complete the technical work for the SDIA ALUCP for internal review by December 2011 (environmental analyses to follow) and complete the ALUCPs for North Island and Imperial Beach military bases within 9 months of receiving the respective Air Installation Compatible Use Zones (AICUZ) studies.**

   Sustainability Goal: Operational Excellence, Social Responsibility.

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

2. **Complete on-call planning assignments to the satisfaction of the customer, as determined by the customer and Planning Department staff at the beginning of each assignment.**

   Sustainability Goal: Operational Excellence.

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

3. **Complete the following sections of the Airport Development Plan for Board consideration by June 2012: Aviation Forecast, Existing Conditions Analysis, and Facilities Requirements. Complete all technical analyses for Board consideration by December 2013.**

   Sustainability Goal: Operational Excellence, Social Responsibility.

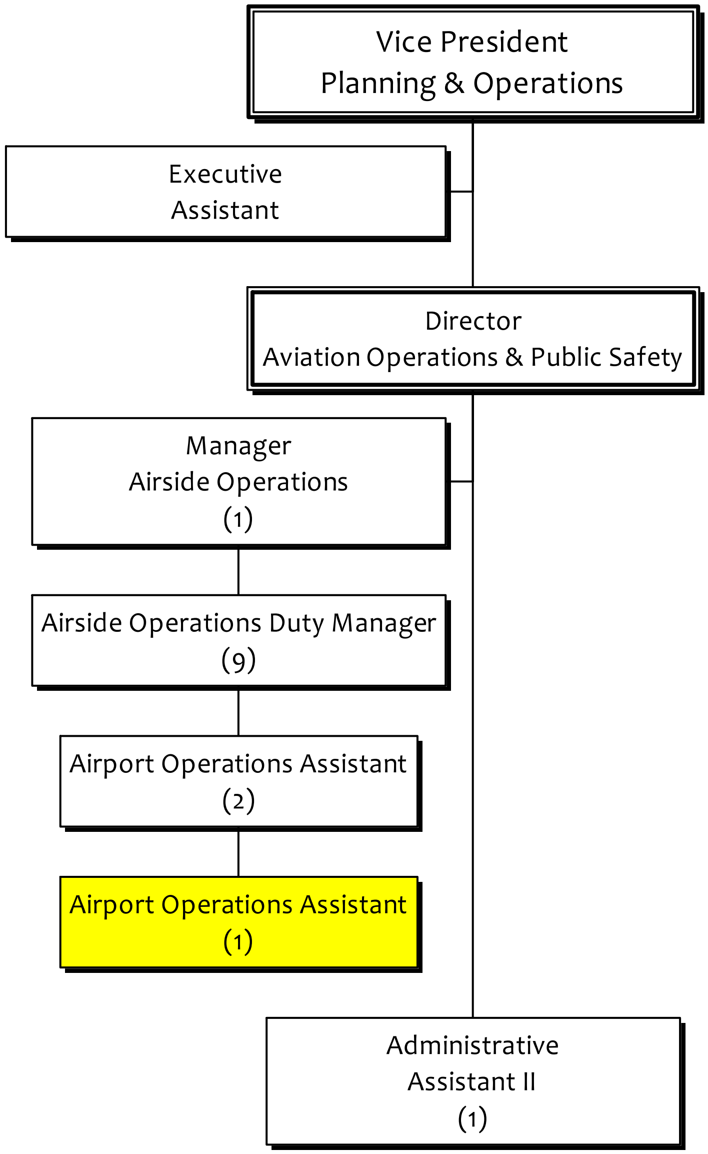
   Authority Strategy: Strategy #3: Operate our airport in a safe, secure, environmentally-sound, effective and efficient manner. Strategy #5: Be a trusted and highly responsive regional agency.

4. **Prepare 5-year Airport parking plan no later than September 2011.**

   Sustainability Goal: Operational Excellence.

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

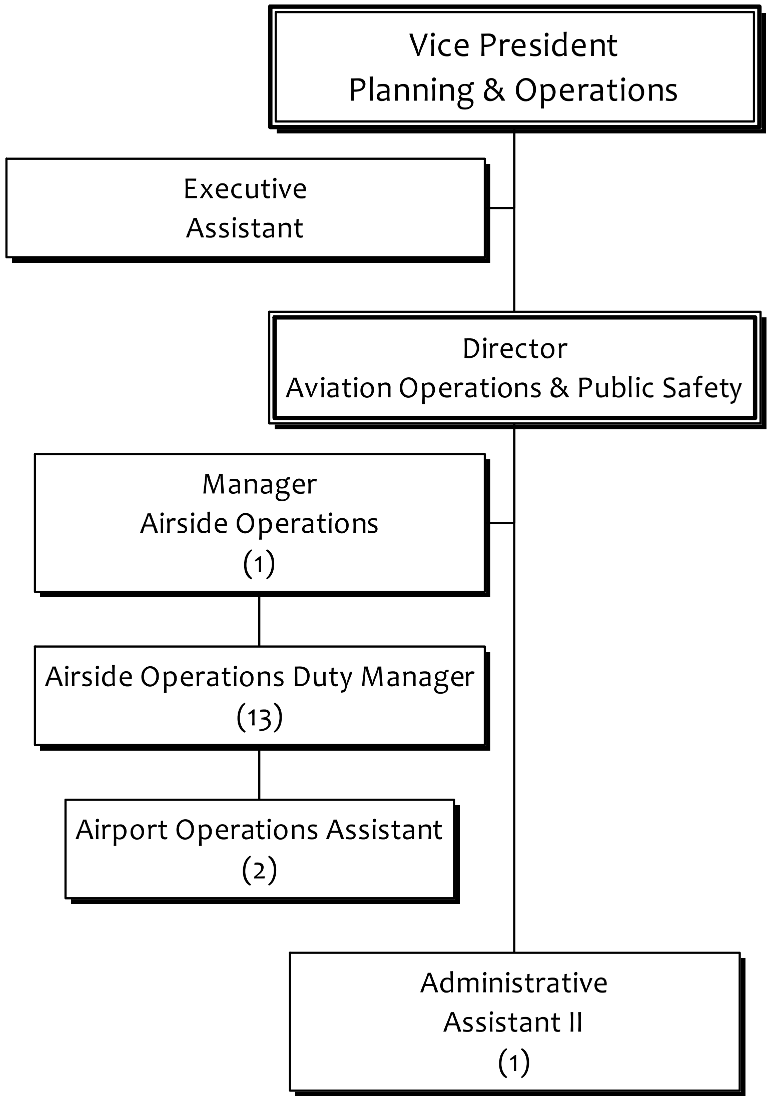
Airside Operations
FY 2012 – FY 2013 Organizational Structure



FY 2012 Organizational Structure

**Unfunded position shown in yellow*

Airside Operations
FY 2012 – FY 2013 Organizational Structure (cont.)



FY 2013 Organizational Structure

Airside Operations
FY 2012 – FY 2013 Expense Budget Summary

	FY 2010 Actuals	FY 2011 Amended Budget	FY 2012 Conceptual Budget	FY 2012 Budget	Inc/(Dec) FY12 vs FY11 Amended	% Change	Inc/(Dec) FY12 vs FY12 Conceptual	% Change	FY 2013 Conceptual Budget	Inc/(Dec) FY13 Conceptual vs FY12	% Change
Operating Expenses:											
Personnel Expenses											
Salaries and Wages	$ 1,296,522	$ 1,307,958	$ 1,307,958	$ 1,302,269	$ (5,689)	-0.4%	$ (5,689)	-0.4%	$ 1,415,305	$ 113,036	8.7%
Premium Overtime	20,843	32,000	32,000	20,000	(12,000)	-37.5%	(12,000)	-37.5%	20,000	-	0.0%
Employee Benefits	552,015	672,505	766,655	685,860	13,356	2.0%	(80,795)	-10.5%	773,095	87,235	12.7%
Subtotal	1,869,380	2,012,463	2,106,614	2,008,129	(4,334)	-0.2%	(98,485)	-4.7%	2,208,400	200,271	10.0%
Less: Capitalized Labor	-	-	-	-	-	0.0%	-	0.0%	-	-	0.0%
Total Personnel Expenses	**1,869,380**	**2,012,463**	**2,106,614**	**2,008,129**	**(4,334)**	**-0.2%**	**(98,485)**	**-4.7%**	**2,208,400**	**200,271**	**10.0%**
Non-Personnel Expenses											
Contractual Services	510	780	780	780	-	0.0%	-	0.0%	780	-	0.0%
Safety and Security	4,145,021	3,800,000	3,876,400	5,022,600	1,222,600	32.2%	1,146,200	29.6%	5,022,600	-	0.0%
Space Rental	-	-	-	-	-	0.0%	-	0.0%	-	-	0.0%
Utilities	822	-	-	-	-	0.0%	-	0.0%	-	-	0.0%
Maintenance	-	-	-	-	-	0.0%	-	0.0%	-	-	0.0%
Operating Equipment & Systems	1,457	53,200	33,200	26,200	(27,000)	-50.8%	(7,000)	-21.1%	46,200	20,000	76.3%
Operating Supplies	37,365	11,600	31,600	2,600	(9,000)	-77.6%	(29,000)	-91.8%	2,600	-	0.0%
Insurance	-	-	-	-	-	0.0%	-	0.0%	-	-	0.0%
Employee Programs	15,999	22,425	22,425	21,125	(1,300)	-5.8%	(1,300)	-5.8%	21,125	-	0.0%
Business Development	10,870	13,950	13,950	13,300	(650)	-4.7%	(650)	-4.7%	13,300	-	0.0%
Equipment Rentals & Repairs	13,626	18,200	18,200	18,200	-	0.0%	-	0.0%	18,200	-	0.0%
Total Non-Personnel Expenses	**4,225,669**	**3,920,155**	**3,996,555**	**5,104,805**	**1,184,650**	**30.2%**	**1,108,250**	**27.7%**	**5,124,805**	**20,000**	**0.4%**
Total Operating Expenses	**6,095,049**	**5,932,618**	**6,103,169**	**7,112,934**	**1,180,316**	**19.9%**	**1,009,765**	**16.5%**	**7,333,205**	**220,271**	**3.1%**
Total Non-Operating Expenses	**-**	**-**	**-**	**-**	**-**	**0.0%**	**-**	**0.0%**	**-**	**-**	**0.0%**
Total Expenses	**6,095,049**	**5,932,618**	**6,103,169**	**7,112,934**	**1,180,316**	**19.9%**	**1,009,765**	**16.5%**	**7,333,205**	**220,271**	**3.1%**
Equipment Outlay	**(216)**	**25,000**	**25,000**	**-**	**(25,000)**	**-100.0%**	**(25,000)**	**-100.0%**	**-**	**-**	**0.0%**
Total Dept Expenses incl Equip Outlay	**$ 6,094,833**	**$ 5,957,618**	**$ 6,128,169**	**$ 7,112,934**	**$ 1,155,316**	**19.4%**	**$ 984,765**	**16.1%**	**$ 7,333,205**	**$ 220,271**	**3.1%**

Airside Operations
Major Drivers of FY 2012 – FY 2013 Budget Increase / (Decrease)

	Inc/(Dec) FY12 vs FY11 Amended	Inc/(Dec) FY12 vs FY12 Conceptual	Inc/(Dec) FY13 Conceptual vs FY12
FY 2011 Amended Budget / FY 2012 Conceptual / FY 2012 Budget	**$ 5,957,618**	**$ 6,128,169**	**$ 7,112,934**
Personnel costs			
Burden (benefits & employer taxes) increase/(decrease) for current staff	13,355	(80,795)	50,824
4 new Duty Manager Positions	-	-	112,070
Salary adjustments	(17,689)	(17,689)	39,068
Total Increase / (Decrease) in personnel costs	**(4,334)**	**(98,485)**	**201,962**
Increase in ARFF contract costs	1,222,600	1,146,200	-
(Decrease) in equipment outlay	(25,000)	-	-
Other, net	(37,950)	(62,950)	18,309
Total Increase in non-personnel costs	**1,159,650**	**1,083,250**	**18,309**
Total Increase	**1,155,316**	**984,765**	**220,271**
FY 2012 Budget / FY 2013 Conceptual Budget	**$ 7,112,934**	**$ 7,112,934**	**$ 7,333,205**

Airside Operations
Departmental Objectives

FY 2011 Progress Report

1. **Enhance working relationship with regulators, partners, and stakeholders by meeting three times annually with FAA Airports, Runway Safety, Airport District Office, and Airport Traffic Control Tower personnel and monthly with airport tenants and stakeholders (airlines, TSA), Harbor Police, Aircraft Rescue and Firefighting (ARFF).**

   Progress: Meetings are conducted on a regular ongoing basis and working relationships are collaborative and productive.

   Sustainability Goal: Operational Excellence, Social Responsibility.

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

   Fiscal Year: 2011. **Continue in 2012?** No.

2. **Ensure that SDIA is in compliance with all FAR Part 139 regulatory requirements. Success will be measured via the annual FAA Certification Inspection with a goal of achieving a 100 percent compliance report. Completion date is August 31, 2010.**

   Progress: The FAA Annual Certification Inspection was completed on June 23, 2010 with the finding that SAN was 100% compliant with Part 139 requirements.

   Sustainability Goal: Operational Excellence.

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

   Fiscal Year: 2011. **Continue in 2012?** No.

3. **Sponsor airfield capital projects to enhance airfield safety and efficiency. Projects include the Airfield Pavement Management Program, the Storm Water/Airfield Drainage project, Airfield Service Road Relocation, and the Runway 09 ILS/displaced threshold project. Sponsorship will include participation in project planning and design, as well as operational and safety oversight during construction. Planning, design, and construction will take place throughout FY2011 and continue into FY 2012.**

   Progress: The Taxiway C reconstruction and the Airfield Signs and Lights projects were completed in 2010 without safety incidents. The Runway 9 ILS approach project is still in the planning phase and it will continue in 2012.

   Sustainability Goal: Operational Excellence.

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

   Fiscal Year: 2011. **Continue in 2012?** Runway 09 ILS/displaced threshold project only.

4. **Negotiate a new SAN Aircraft Rescue and Fire Fighting (ARFF) contract. Work with the City of San Diego Fire Department to ensure that all new contract requirements are implemented and followed. Contract compliance will be documented and reviewed at the end of the year. Completion date is June 30, 2011.**

   Progress: The points of disagreement between the City and the Authority have been resolved and as of January 21, 2011, the City is reviewing the revised Agreement.

   Sustainability Goal: Operational Excellence.

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

   Fiscal Year: 2011. **Continue in 2012?** No.

5. **Update the Airport Certification Manual to ensure that the content is current and in compliance with FAR Part 139 requirements. The updated Manual will be submitted to the FAA Office of Airport Safety for review and approval. Success will be measured by FAA approval. Completion date is September 1, 2010.**

   Progress: The updated ACM was submitted to the FAA and is awaiting approval as of January 31, 2011.

   Sustainability Goal: Operational Excellence.

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

   Fiscal Year: 2011. **Continue in 2012?** No.

6. **Participate in the weekly Green Build Operations Committee meetings to provide operational input for design/build contracts 1 and 2. Ensure that project design progress is communicated to the entire Airside Operations staff. It is anticipated that these meetings will continue until the end of FY 2011.**

   Progress: Meeting participation and information sharing has been ongoing and successful.

   Sustainability Goal: Operational Excellence.

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

   Fiscal Year: 2011. **Continue in 2012?** Yes.

Airside Operations
Departmental Objectives

FY 2012 – FY 2013 Objectives

1. **Ensure the SDIA is in compliance with all FAR Part 139 regulatory requirements. Success will be measured via the annual FAA Certification Inspection with a goal of achieving a 100% compliance report. Completion date is August 31, 2011.**

   Sustainability Goal: Operational Excellence.

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

2. **Facilitate Green Build construction and project implementation of airside activities through coordination with internal and external stakeholders. Projects will include the successful coordination and management of associated crane and construction activities and success will be measured by the implementation of the Crane Letter of Understanding and the subsequent lack of impact on Airport Operations. Completion date is estimated for February 1, 2012.**

   Sustainability Goal: Operational Excellence.

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

3. **Identify and recommend an operational plan for the staffing and management of the ramp control tower being built as part of the Green Build construction. Develop and submit recommendations regarding staffing and management responsibilities by June 30, 2012.**

   Sustainability Goal: Operational Excellence.

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

4. **Sponsor airfield capital improvement projects to enhance airfield safety and operational efficiency. Projects include the airfield vehicle service road relocation and the Rwy 09 ILS/displaced threshold. Sponsorship includes participating in the planning, design, and operational oversight during construction. Planning, design, and construction will commence in FY 2011 and be completed in FY 2012.**

   Sustainability Goal: Operational Excellence.

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

Aviation Security & Public Safety
FY 2012 – FY 2013 Organizational Structure

** No personnel changes planned for FY 2013*

Aviation Security & Public Safety

FY 2012 – FY 2013 Expense Budget Summary

	FY 2010 Actuals	FY 2011 Amended Budget	FY 2012 Conceptual Budget	FY 2012 Budget	Inc/(Dec) FY12 vs FY11 Amended	% Change	Inc/(Dec) FY12 vs FY12 Conceptual	% Change	FY 2013 Conceptual Budget	Inc/(Dec) FY13 Conceptual vs FY12	% Change
Operating Expenses:											
Personnel Expenses											
Salaries and Wages	$ 694,240	$ 737,159	$ 737,159	$ 732,826	$ (4,334)	-0.6%	$ (4,334)	-0.6%	$ 754,811	$ 21,985	3.0%
Premium Overtime	37,239	40,483	40,483	40,483	-	0.0%	-	0.0%	40,483	-	0.0%
Employee Benefits	313,467	359,571	422,603	364,529	4,959	1.4%	(58,074)	-13.7%	389,769	25,240	6.9%
Subtotal	1,044,946	1,137,212	1,200,245	1,137,839	627	0.1%	(62,406)	-5.2%	1,185,064	47,225	4.2%
Less: Capitalized Labor	-	-	-	-	-	0.0%	-	0.0%	-	-	0.0%
Total Personnel Expenses	**1,044,946**	**1,137,212**	**1,200,245**	**1,137,839**	**627**	**0.1%**	**(62,406)**	**-5.2%**	**1,185,064**	**47,225**	**4.2%**
Non-Personnel Expenses											
Contractual Services	410,942	339,740	362,568	327,568	(12,172)	-3.6%	(35,000)	-9.7%	327,568	-	0.0%
Safety and Security	15,985,991	16,857,433	16,896,433	15,827,432	(1,030,001)	-6.1%	(1,069,001)	-6.3%	15,827,432	-	0.0%
Space Rental	-	-	-	-	-	0.0%	-	0.0%	-	-	0.0%
Utilities	-	-	-	-	-	0.0%	-	0.0%	-	-	0.0%
Maintenance	996,515	925,000	944,000	920,550	(4,450)	-0.5%	(23,450)	-2.5%	920,550	-	0.0%
Operating Equipment & Systems	15,975	32,200	32,200	25,700	(6,500)	-20.2%	(6,500)	-20.2%	30,000	4,300	16.7%
Operating Supplies	105,626	88,940	88,940	88,940	-	0.0%	-	0.0%	111,940	23,000	25.9%
Insurance	-	-	-	-	-	0.0%	-	0.0%	-	-	0.0%
Employee Programs	8,403	13,100	13,100	13,100	-	0.0%	-	0.0%	13,100	-	0.0%
Business Development	2,169	11,340	39,215	36,215	24,875	219.4%	(3,000)	-7.7%	11,215	(25,000)	-69.0%
Equipment Rentals & Repairs	23,686	27,450	27,450	20,100	(7,350)	-26.8%	(7,350)	-26.8%	20,100	-	0.0%
Total Non-Personnel Expenses	**17,549,308**	**18,295,203**	**18,403,906**	**17,259,605**	**(1,035,598)**	**-5.7%**	**(1,144,301)**	**-6.2%**	**17,261,905**	**2,300**	**0.0%**
					-	0.0%	-	0.0%		-	0.0%
Total Operating Expenses	**18,594,254**	**19,432,415**	**19,604,151**	**18,397,443**	**(1,034,972)**	**-5.3%**	**(1,206,708)**	**-6.2%**	**18,446,969**	**49,526**	**0.3%**
Total Non-Operating Expenses	**-**	**-**	**-**	**-**	**-**	**0.0%**	**-**	**0.0%**	**-**	**-**	**0.0%**
Total Expenses	**18,594,254**	**19,432,415**	**19,604,151**	**18,397,443**	**(1,034,972)**	**-5.3%**	**(1,206,708)**	**-6.2%**	**18,446,969**	**49,526**	**0.3%**
Equipment Outlay	**52,916**	**-**	**-**	**-**	**-**	**0.0%**	**-**	**0.0%**	**-**	**-**	**0.0%**
Total Dept Expenses incl Equip Outlay	**$ 18,647,170**	**$ 19,432,415**	**$ 19,604,151**	**$ 18,397,443**	**$ (1,034,972)**	**-5.3%**	**$ (1,206,708)**	**-6.2%**	**$ 18,446,969**	**$ 49,526**	**0.3%**

Aviation Security & Public Safety
Major Drivers of FY 2012 – FY 2013 Budget Increase / (Decrease)

Aviation Security and Public Safety	Inc/(Dec) FY12 vs FY11 Amended	Inc/(Dec) FY12 vs FY12 Conceptual	Inc/(Dec) FY13 Conceptual vs FY12
FY 2011 Amended Budget / FY 2012 Conceptual / FY 2012 Budget	**$ 19,432,415**	**$ 19,604,151**	**$ 18,397,443**
Personnel costs			
Burden (benefits & employer taxes) increase/(decrease) for current staff	4,958	(58,074)	25,240
Salary Adjustments	(4,333)	(4,333)	21,985
Total Increase / (Decrease) in personnel costs	**625**	**(62,407)**	**47,225**
Increase / (Decrease) in Emergency preparedness exercise	30,000	2,000	(30,000)
(Decrease) in Access Control system maintenance	(29,450)	(48,450)	-
(Decrease) in security guard services	(60,100)	(99,100)	-
(Decrease) in law enforcement costs - Harbor Police Department	(1,000,603)	(1,000,603)	-
Decrease in equipment outlay	-	-	-
Decrease in medical emergency services costs	30,702	30,702	-
Other, net	(6,146)	(28,850)	32,301
Total Increase / (Decrease) in non-personnel costs	**(1,035,597)**	**(1,144,301)**	**2,301**
Total Increase / (Decrease)	**(1,034,972)**	**(1,206,708)**	**49,526**
FY 2012 Budget / FY 2013 Conceptual Budget	**$ 18,397,443**	**$ 18,397,443**	**$ 18,446,969**

Aviation Security & Public Safety
Departmental Objectives

FY 2011 Progress Report

1. **Improve SAN operational efficiency and emergency preparedness by conducting the following exercises:**

   - **Test the Airport Authority's operational readiness in response to a catastrophic event by conducting an Emergency Operations Center (EOC) Tabletop Exercise in the Q2 11 with all pertinent Authority departments and employees.**
   - **Conduct an FAA required annual Tabletop Exercise in the Q2 11 to review the Airport Emergency Plan with all tenants and agencies that are responsible for implementing these plans.**
   - **Conduct a Tabletop Exercise with the Airlines and San Diego area Hospitals in the Q2 11 to test the Standard Operating Procedures for patient tracking during an aircraft accident event.**
   - **Success will be measured by completion of exercises and After-Action Reports.**

   Progress: AVSEC/PS conducted the EOC Tabletop Exercise on October 14, 2010 and conducted the FAA required annual AEP Tabletop Exercise on November 18, 2010 and completed appropriate After-Action Reports for both exercises. A tabletop for the airlines and area hospitals to test patient tracking was not conducted because the hospitals have not yet completed their portion of the Standard Operating Procedure.

   Sustainability Goal: Operational Excellence.

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

   Fiscal Year: 2011. **Continue in 2012?** No.

2. **Serve in the role of "Lead Airport" for the Western Airports Disaster Operations Group (WESTDOG) until December 31, 2010. In this capacity, SAN will be responsible for coordinating, updating and managing WESTDOG, an airport-to-airport disaster mutual aid program.**

   This will improve regional airport emergency preparedness and response in the event of a disaster in the western region of the United States.

   Progress: AVSEC/PS completed their 1-year term as the Lead Airport for WESTDOG on December 31, 2010.

   Sustainability Goal: Operational Excellence.

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

   Fiscal Year: 2011. **Continue in 2012?** No.

3. **Ensure compliance with Department of Homeland Security requirements for Federal Inspection Services (FIS) Area by completing a retrofit of outdated video recording technology. Successful implementation is measured through the development of a comprehensive capital program by June 30, 2011.**

   Progress: AVSEC/PS completed a retrofit of outdated video surveillance equipment in the FIS in November 2010.

   Sustainability Goal: Operational Excellence.

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

   Fiscal Year: 2011. **Continue in 2012?** No.

4. **By June 30, 2011, design, develop, and implement a comprehensive transition program to migrate outdated existing analog security video technology to advanced digital imaging systems. This will enhance AVSEC/PS operational capabilities and provide enhanced support to law enforcement, TSA, and other federal agencies.**

   Progress: AVSEC/PS is currently preparing its transition program for delivery to the Capital Improvement Committee (CIC). This program scope should be delivered to the CIC by April 2011.

   Sustainability Goal: Operational Excellence.

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

   Fiscal Year: 2011. **Continue in 2012?** No.

5. **Provide opportunities for professional development and personal growth for all department staff through professional training programs on Hirsch, Vicon, and NICE systems; as well as AAAE and ACI certification programs, and public safety-oriented programs (e.g., CPR, first aid, etc.). The program will become a model of the skills necessary to function as a well-rounded successful member of the AVSEC/PS staff. Documentation of the program curriculum will be completed by September 2011 with a target of enrolling at least 10% of AVSEC/PS staff by June 30, 2011.**

   Progress: AVSEC/PS has developed a comprehensive training curriculum for AVSEC/PS, Airside, and Landside Operations staff. This curriculum covers training opportunities for these operational personnel to perform effectively and successfully in their respective discipline. Additionally, five (5) AVSEC/PS staff completed specialized training on VICON and NICE video surveillance systems.

   Sustainability Goal: Social Responsibility.

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

   Fiscal Year: 2011. **Continue in 2012?** Yes

Aviation Security & Public Safety
Departmental Objectives

FY 2012 – FY 2013 Objectives

1. **Ensure that SDIA continues to comply with all applicable federal, state, and local regulations and achieves excellence in the areas of Public Safety, Emergency/Disaster Preparedness, and Airport Certification by planning and conducting a full-scale mass-casualty field exercise in compliance with FAR Part 139.325(g)(4) by second quarter FY 2012 (November 30, 2011).**

   Sustainability Goal: Operational Excellence.

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

2. **Continue to develop, enhance, and implement a highly effective Emergency/Disaster Preparedness Program by planning, training, and conducting exercises related to the Emergency Operations Center (EOC) and Family Reception Center (FRC). The training and exercises will involve Authority staff, Airport Tenants, and appropriate Regional Agencies and will be conducted by fourth quarter FY 2012 (June 2012).**

   Sustainability Goal: Operational Excellence, Social Responsibility.

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

3. **Enhance our regional partnership with the County of San Diego's Office of Emergency Services (OES) with the following initiatives: Improve the Authority's ability to track regional events that effect SDIA by making necessary upgrades to the Emergency Operations Center, during FY 2012 & FY 2013. Additionally, establish a cache of emergency supplies to ensure the Authority can sustain itself during the critical initial days of a region-wide emergency, to be completed during FY 2012 & FY 2013.**

   Sustainability Goal: Social Responsibility.

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

4. **Design, develop, and implement a comprehensive transition program to update Access Control System technology campus-wide. This will enhance AVSEC/PS operational capabilities and provide enhanced support to law enforcement, TSA, and other federal agencies. Additionally, this upgrade will prepare the facility for implementation of a smart card/biometric-based system of credentialing and access.**

   Sustainability Goal: Operational Excellence, Social Responsibility.

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

5. **Enhance the Authority's partnership with TSA by working together to ensure a smooth transition from the national Homeland Security Advisory System (HSAS) to the newly created National Terror Threat Advisory System (NTAS). This transition will involve the creation and/or modification of over ten (10) large-scale plans and training programs; including the Airport Security Program (ASP).**

   Sustainability Goal: Social Responsibility.

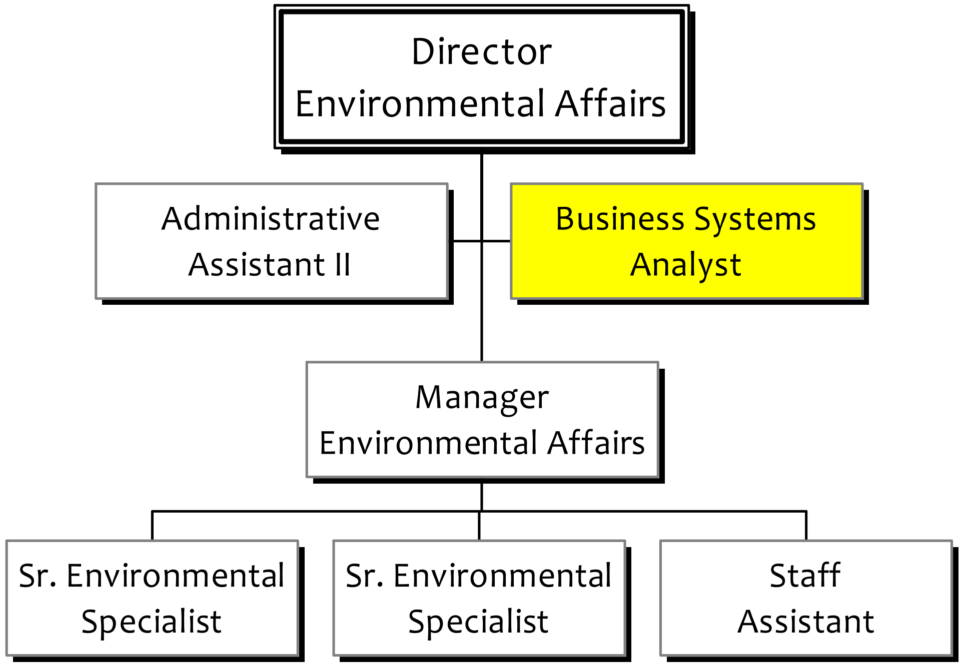
   Authority Strategy: Strategy #5: Be a trusted and highly responsive regional agency.

6. **Continue to provide opportunities for professional development and personal growth for all department staff, as well as, operational Authority staff through public safety-oriented programs (e.g., CPR, first aid, etc.) and operational specific training.**

   Sustainability Goal: Operational Excellence, Social Responsibility.

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

Environmental Affairs
FY 2012 – FY 2013 Organizational Structure



** No personnel changes planned for FY 2013*
** Unfunded position shown in yellow*

Environmental Affairs

FY 2012 – FY 2013 Expense Budget Summary

	FY 2010 Actuals	FY 2011 Amended Budget	FY 2012 Conceptual Budget	FY 2012 Budget	Inc/(Dec) FY12 vs FY11 Amended	% Change	Inc/(Dec) FY12 vs FY12 Conceptual	% Change	FY 2013 Conceptual Budget	Inc/(Dec) FY13 Conceptual vs FY12	% Change
Operating Expenses:											
Personnel Expenses											
Salaries and Wages	$ 601,756	$ 577,587	$ 577,587	$ 507,477	$ (70,110)	-12.1%	$ (70,110)	-12.1%	$ 522,521	$ 15,044	3.0%
Premium Overtime	-	4,363	4,363	-	(4,363)	-100.0%	(4,363)	-100.0%	-	-	0.0%
Employee Benefits	213,085	281,357	337,248	244,646	(36,711)	-13.0%	(92,601)	-27.5%	262,913	18,266	7.5%
Subtotal	814,841	863,307	919,198	752,123	(111,184)	-12.9%	(167,075)	-18.2%	785,434	33,311	4.4%
Less: Capitalized Labor	-	-	-	-	-	0.0%	-	0.0%	-	-	0.0%
Total Personnel Expenses	**814,841**	**863,307**	**919,198**	**752,123**	**(111,184)**	**-12.9%**	**(167,075)**	**-18.2%**	**785,434**	**33,311**	**4.4%**
Non-Personnel Expenses											
Contractual Services	426,741	550,000	556,841	543,841	(6,159)	-1.1%	(13,000)	-2.3%	543,841	-	0.0%
Safety and Security	-	-	-	-	-	0.0%	-	0.0%	-	-	0.0%
Space Rental	-	-	-	-	-	0.0%	-	0.0%	-	-	0.0%
Utilities	-	1,400	1,000	1,000	(400)	-28.6%	-	0.0%	1,000	-	0.0%
Maintenance	540,169	452,238	410,000	400,306	(51,932)	-11.5%	(9,694)	-2.4%	400,306	-	0.0%
Operating Equipment & Systems	563	1,000	1,000	1,000	-	0.0%	-	0.0%	1,000	-	0.0%
Operating Supplies	5,349	5,200	5,000	4,000	(1,200)	-23.1%	(1,000)	-20.0%	4,000	-	0.0%
Insurance	-	-	-	-	-	0.0%	-	0.0%	-	-	0.0%
Employee Programs	105,164	92,800	95,200	95,700	2,900	3.1%	500	0.5%	95,700	-	0.0%
Business Development	51,283	29,250	46,900	33,900	4,650	15.9%	(13,000)	-27.7%	33,900	-	0.0%
Equipment Rentals & Repairs	(356)	2,000	2,000	1,500	(500)	-25.0%	(500)	-25.0%	1,500	-	0.0%
Total Non-Personnel Expenses	**1,128,913**	**1,133,888**	**1,117,941**	**1,081,247**	**(52,641)**	**-4.6%**	**(36,694)**	**-3.3%**	**1,081,247**	**-**	**0.0%**
Total Operating Expenses	**1,943,754**	**1,997,195**	**2,037,139**	**1,833,370**	**(163,825)**	**-8.2%**	**(203,769)**	**-10.0%**	**1,866,681**	**33,311**	**1.8%**
Total Non-Operating Expenses	**-**	**-**	**-**	**-**	**-**	**0.0%**	**-**	**0.0%**	**-**	**-**	**0.0%**
Total Expenses	**1,943,754**	**1,997,195**	**2,037,139**	**1,833,370**	**(163,825)**	**-8.2%**	**(203,769)**	**-10.0%**	**1,866,681**	**33,311**	**1.8%**
Equipment Outlay	**-**	**-**	**-**	**-**	**-**	**0.0%**	**-**	**0.0%**	**-**	**-**	**0.0%**
Total Dept Expenses incl Equip Outlay	**$ 1,943,754**	**$ 1,997,195**	**$ 2,037,139**	**$ 1,833,370**	**$ (163,825)**	**-8.2%**	**$ (203,769)**	**-10.0%**	**$ 1,866,681**	**$ 33,311**	**1.8%**

Environmental Affairs

Major Drivers of FY 2012 – FY 2013 Budget Increase / (Decrease)

	Inc/(Dec) FY12 vs FY11 Amended	Inc/(Dec) FY12 vs FY12 Conceptual	Inc/(Dec) FY13 Conceptual vs FY12
FY 2011 Amended Budget / FY 2012 Conceptual / FY 2012 Budget	**$ 1,997,195**	**$ 2,037,139**	**$ 1,833,370**
Personnel costs			
Salary Adjustments	3,990	3,990	15,044
Burden (benefits & employer taxes) increase/(decrease) for current staff	(927)	(56,818)	18,266
Frozen position salary and burden	(114,247)	(114,247)	-
Total Increase / (Decrease) in personnel costs	**(111,184)**	**(167,075)**	**33,311**
(Decrease) in refuse and hazardous waste disposal	(42,238)	(42,238)	-
Other, net	(10,403)	5,544	-
Total (Decrease) in non-personnel costs	**(52,641)**	**(36,694)**	**-**
Total Increase / (Decrease)	**(163,825)**	**(203,769)**	**33,311**
FY 2012 Budget / FY 2013 Conceptual Budget	**$ 1,833,370**	**$ 1,833,370**	**$ 1,866,681**

Environmental Affairs

Departmental Objectives

FY 2011 Progress Report

1. **Conduct ground service equipment (GSE) and vehicle survey, prepare baseline air emissions inventory, and publish on website.**

   Progress: Survey has been completed and report planned for preparation by June 2011. Recommendations in report will be reviewed and action plan developed for implementation of GSE tracking system in 2012.

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

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

   Fiscal Year: 2011. **Continue in 2012?** Yes.

2. **Assess potential for alternative fuel vehicle (AFV) conversions and apply for available grants.**

   Progress: In partnership with the California Center for Sustainable Energy (CCSE) state grant funds have been awarded with $750,000 devoted solely to offset AFV conversions for Airport's permitted ground transportation service vehicles. Grant funds will be administered by the CCSE in coordination with Airport Authority staff and the program will continue into 2012.

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

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

   Fiscal Year: 2011. **Continue in 2012?** Yes.

3. **Calculate air emissions inventory for calendar year 2011, assess emissions reduction opportunities, and make appropriate updates to the AQMP for publication on Authority's website by December 31, 2011.**

   Progress: Funds were not available in FY2011 to conduct air emissions inventory and prepare subsequent report. Funds will again be requested in FY 2012 budget process to meet this goal. If adequate funds are available, an RFP will be prepared and consultant firm sought to perform studies and prepare updates to the AQMP within FY 2012.

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

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

   Fiscal Year: 2011. **Continue in 2012?** Yes.

4. **Establish sustainability performance indicators that are applicable to the Global Reporting Initiative (GRI) system and utilize the QPR "dashboard" to track progress in areas of waste generation, recycling, energy usage, water conservation, and GHG reduction measures by January 1, 2011.**

   Progress: Environmental Affairs is working with Business Planning on performance indicators applicable to the GRI and utilizing new Performance Measurement System software to organize the data. A Waste Reduction Team has been chartered and waste and recycling performance indicators developed; a Energy and Water Conservation Team is next to be chartered to develop relevant indicators that also contribute to GHG reduction measures.

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

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

   Fiscal Year: 2011. **Continue in 2012?** Yes.

5. **Implement storm water Best Management Practices training for Airport Authority tenants by June 30, 2011.**

   Progress: On target to develop a pilot-scale training module with a limited number of tenants in order to obtain feedback on content and on methods of deployment, with the intent to roll-out full scale version in FY 2012.

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

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

   Fiscal Year: 2011. **Continue in 2012?** Yes.

6. **Expand capabilities of storm water management database system by December 31, 2010.**

   Progress: Contract for professional stormwater management services was not in place until December 2010 and the target date for completing this goal is now the third or fourth quarter of 2011.

   Sustainability Goal: Operational Excellence, Social Responsibility.

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

   Fiscal Year: 2011. **Continue in 2012?** Yes.

Environmental Affairs
Departmental Objectives

FY 2012 – FY 2013 Objectives

1. **Develop and implement a system to track all airside ground service equipment (GSE) and service vehicles by June 30, 2012.**

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

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

2. **Assess potential for airside GSE and vehicle conversion to electric or alternative fuels; address infrastructure needs and apply for available grant funds by June 30, 2012.**

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

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

3. **Calculate air emissions inventory for calendar year 2012, evaluate effectiveness of greenhouse gas (GHG) reduction measures (including vehicle conversion incentive program and other commitments under the AG-MOU), and provide recommendations to enhance emission reduction opportunities with findings to be published by June 30, 2012.**

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

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

4. **Establish sustainability performance indicators that are applicable to the Global Reporting Initiative (GRI) system and utilize the new Performance Measurement System to track progress in areas of waste reduction, recycling, energy usage, water conservation, and GHG reduction measures by January 1, 2012.**

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

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

5. **Expand stormwater Best Management Practices training to include all Airport Authority tenants by June 30, 2012.**

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

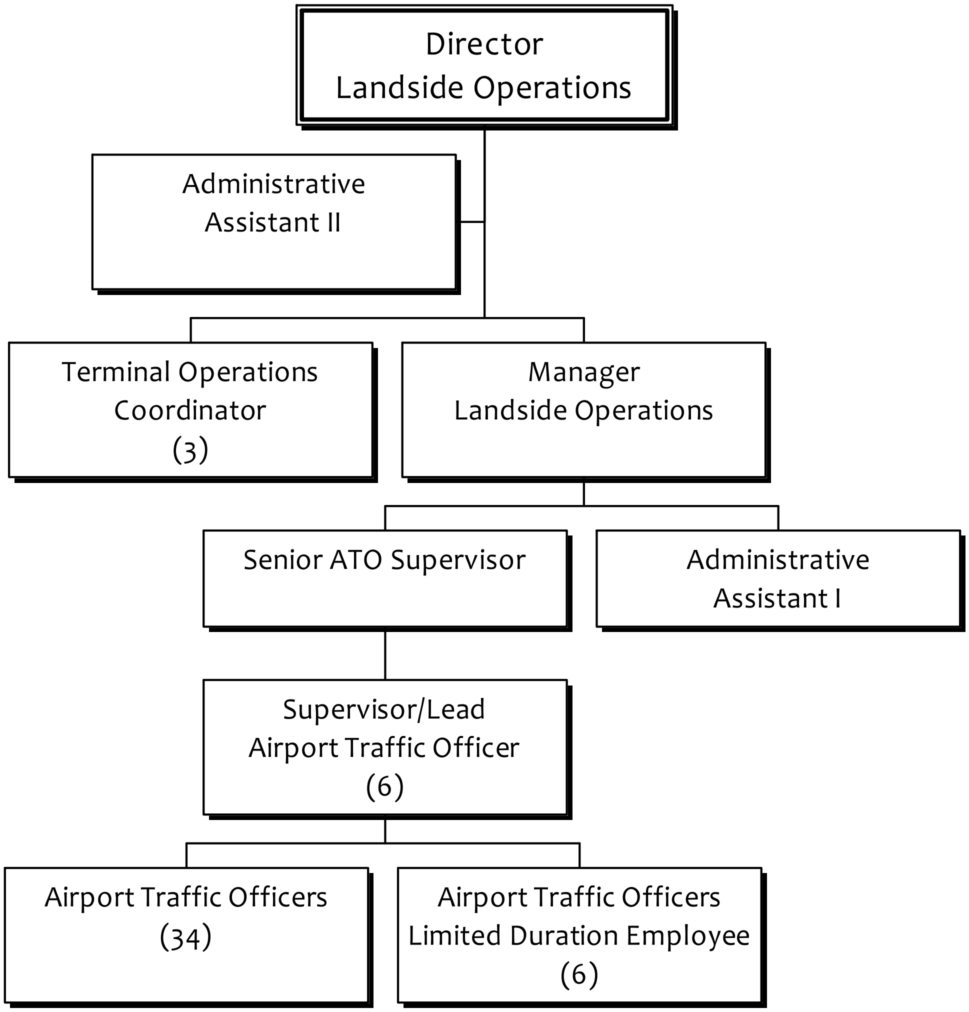
   Authority Strategy: Strategy #2: Achieve the highest level of internal and external customer satisfaction. Strategy #3: Operate our airport in a safe, secure, environmentally-sound, effective and efficient manner. Strategy #5: Be a trusted and highly responsive regional agency.

6. **Expand capabilities of stormwater management database system by December 31, 2011.**

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

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

Landside Operations
FY 2012 – FY 2013 Organizational Structure



** No personnel changes planned for FY 2013*

Landside Operations
FY 2012 – FY 2013 Expense Budget Summary

	FY 2010 Actuals	FY 2011 Amended Budget	FY 2012 Conceptual Budget	FY 2012 Budget	Inc/(Dec) FY12 vs FY11 Amended	% Change	Inc/(Dec) FY12 vs FY12 Conceptual	% Change	FY 2013 Conceptual Budget	Inc/(Dec) FY13 Conceptual vs FY12	% Change
Operating Expenses:											
Personnel Expenses											
Salaries and Wages	$ 2,506,334	$ 2,954,196	$ 3,056,820	$ 2,856,892	$ (97,304)	-3.3%	$ (199,928)	-6.5%	$ 2,945,052	$ 88,160	3.1%
Premium Overtime	111,863	180,000	180,000	150,000	(30,000)	-16.7%	(30,000)	-16.7%	150,000	-	0.0%
Employee Benefits	1,194,290	1,640,738	1,928,327	1,617,996	(22,743)	-1.4%	(310,331)	-16.1%	1,737,719	119,723	7.4%
Subtotal	3,812,488	4,774,935	5,165,147	4,624,887	(150,048)	-3.1%	(540,260)	-10.5%	4,832,770	207,883	4.5%
Less: Capitalized Labor	-	(423,710)	(462,000)	(371,028)	52,682	-12.4%	90,972	-19.7%	(384,550)	(13,522)	3.6%
Total Personnel Expenses	**3,812,488**	**4,351,225**	**4,703,147**	**4,253,859**	**(97,366)**	**-2.2%**	**(449,288)**	**-9.6%**	**4,448,220**	**194,361**	**4.6%**
Non-Personnel Expenses											
Contractual Services	4,652,765	4,615,000	4,703,400	4,393,951	(221,049)	-4.8%	(309,449)	-6.6%	4,683,458	289,507	6.6%
Safety and Security	-	-	-	-	-	0.0%	-	0.0%	-	-	0.0%
Space Rental	-	-	-	-	-	0.0%	-	0.0%	-	-	0.0%
Utilities	1,075	-	-	-	-	0.0%	-	0.0%	-	-	0.0%
Maintenance	-	-	-	-	-	0.0%	-	0.0%	-	-	0.0%
Operating Equipment & Systems	54,326	52,200	53,250	36,800	(15,400)	-29.5%	(16,450)	-30.9%	36,800	-	0.0%
Operating Supplies	55,420	38,900	39,686	27,600	(11,300)	-29.0%	(12,086)	-30.5%	27,600	-	0.0%
Insurance	-	-	-	-	-	0.0%	-	0.0%	-	-	0.0%
Employee Programs	50,012	72,400	72,830	61,600	(10,800)	-14.9%	(11,230)	-15.4%	61,600	-	0.0%
Business Development	5,319	11,600	11,835	4,700	(6,900)	-59.5%	(7,135)	-60.3%	4,700	-	0.0%
Equipment Rentals & Repairs	8,442	1,200	1,200	3,200	2,000	166.7%	2,000	166.7%	3,200	-	0.0%
Total Non-Personnel Expenses	**4,827,359**	**4,791,300**	**4,882,201**	**4,527,851**	**(263,449)**	**-5.5%**	**(354,350)**	**-7.3%**	**4,817,358**	**289,507**	**6.4%**
Total Operating Expenses	**8,639,846**	**9,142,525**	**9,585,348**	**8,781,711**	**(360,814)**	**-3.9%**	**(803,637)**	**-8.4%**	**9,265,577**	**483,866**	**5.5%**
Total Non-Operating Expenses	**-**	**-**	**-**	**-**	**-**	**0.0%**	**-**	**0.0%**	**-**	**-**	**0.0%**
Total Expenses	**8,639,846**	**9,142,525**	**9,585,348**	**8,781,711**	**(360,814)**	**-3.9%**	**(803,637)**	**-8.4%**	**9,265,577**	**483,866**	**5.5%**
Equipment Outlay	**112,243**	**-**	**-**	**-**	**-**	**0.0%**	**-**	**0.0%**	**-**	**-**	**0.0%**
Total Dept Expenses incl Equip Outlay	**$ 8,752,089**	**$ 9,142,525**	**$ 9,585,348**	**$ 8,781,711**	**$ (360,814)**	**-3.9%**	**$ (803,637)**	**-8.4%**	**$ 9,265,577**	**$ 483,866**	**5.5%**

Landside Operations
Major Drivers of FY 2012 – FY 2013 Budget Increase / (Decrease)

	Inc/(Dec) FY12 vs FY11 Amended	Inc/(Dec) FY12 vs FY12 Conceptual	Inc/(Dec) FY13 Conceptual vs FY12
FY 2011 Amended Budget / FY 2012 Conceptual / FY 2012 Budget	**$ 9,142,525**	**$ 9,585,348**	**$ 8,781,711**
Personnel costs			
Change in capitalized labor	52,682	90,972	(13,522)
Burden (benefits & employer taxes) increase/(decrease) for current staff	(22,742)	(310,331)	119,723
Salary Adjustments	(127,304)	(229,928)	88,160
Total Increase / (Decrease) in personnel costs	**(97,364)**	**(449,287)**	**194,361**
Increase / (Decrease) in airport custodial contract	(54,649)	(129,169)	314,107
(Decrease) in temporary personnel	(140,400)	(140,400)	(24,600)
(Decrease) in equipment outlay	-		-
Other, net	(68,401)	(84,781)	-
Total Increase / (Decrease) in non-personnel costs	**(263,450)**	**(354,350)**	**289,507**
Total Increase / (Decrease)	**(360,814)**	**(803,637)**	**483,867**
FY 2012 Budget / FY 2013 Conceptual Budget	**$ 8,781,711**	**$ 8,781,711**	**$ 9,265,577**

Landside Operations
Departmental Objectives

FY 2011 Progress Report

1. **Increase training for Airport Traffic Officers (ATO).**

   Progress: We continue to invite internal departments and external guests to meet with the ATOs. This approach exposes the ATOs to many different aspects of the airport environment (i.e. air carrier skycaps, Airport Ambassadors, TSA, HPD, and air carrier customers) when appropriate. Additionally, the ATO Supervisors and ATO's will be taking part in customer service and employee involvement exercises that will be facilitated by an Authority consultant and Organizational Development.

   Sustainability Goal: Operational Excellence, Social Responsibility.

   Authority Strategy: Strategy #2: Anticipate and exceed internal and external customer service expectations. Strategy #4: Ensure the highest level of employee satisfaction.

   Fiscal Year: 2011. **Continue in 2012?** Yes.

2. **Maximize operational efficiency by decreasing average passenger time in security checkpoint lines to 15 minutes.**

   Progress: Redesigned pre-security signage has been added into the redesigned stanchion. The emphasis is to better educate the passengers on divesting early and not waiting until they enter the secured area. The initial introduction of the AIT machines did slow down the process but over the past couple of months we are back to meeting our goal overall.

   Sustainability Goal: Operational Excellence.

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

   Fiscal Year: 2011. **Continue in 2012?** Yes.

3. **Install liquid collection containers at each security checkpoint. Eliminating liquid filled containers reduces waste weight and increases container recyclabillity.**

   Progress: We have just recently introduced our first protype liquid collection containers. It is too early to report any significant improvement but from reports from other airports we feel confident it will make a significant difference.

   Sustainability Goal: Operational Excellence.

   Authority Strategy: Strategy #3: Operate our airport in a safe, secure, environmentally-sound, effective, and efficient manner. Strategy #2: Anticipate and exceed internal and external customer service expectations.

   Fiscal Year: 2011. **Continue in 2012?** Yes.

4. **To broaden our local and state mandated traffic training by certifying Lead Traffic Officers for new hire and recurrent training. A cost savings would be realized through this internal training program.**

   Progress: The syllabus was developed and approved by our training department & risk management. We are awaiting legal review for implementation.

   Sustainability Goal: Operational Excellence, Social Responsibility.

   Authority Strategy: Strategy #2: Anticipate and exceed internal and external customer service expectations. Strategy #4: Ensure the highest level of employee satisfaction.

   Fiscal Year: 2011. **Continue in 2012?** Yes.

5. **Establish stricter oversight of our recycling through the coordination efforts with our waste management partner and the airport janitorial staff. The oversight of our recycling program would ensure tenant compliance with the expectation of a minimum 20% increase in overall recycling efforts.**

   Progress: We are currently at about 12% increase with expectation of attaining the 20% by fiscal year end. The temporary condition created by the Green Build construction has had some negative effects on our ability to properly collect and store recycling material. We are currently working with our waste collection contractor to purchase a cardboard compactor, which will allow a more convenient way to sort and store.

   Sustainability Goal: Operational Excellence.

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

   Fiscal Year: 2011. **Continue in 2012?** Yes.

6. **Incorporate new and improved outdoor waste containers to be placed in key areas of the curb to enhance our outdoor recycling efforts.**

   Progress: We are working closely with the Green Build team to coordinate our efforts in maintaining a close likeness to the final product introduced for the new terminal. Containers are expensive so we have slowed the process to spend our budget money wisely.

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

   Authority Strategy: Strategy #2: Anticipate and exceed internal and external customer service expectations. Strategy #1: Enhance the financial position of the Authority. Strategy #4: Ensure the highest level of employee satisfaction.

   Fiscal Year: 2011. **Continue in 2012?** Yes.

7. **Provide electrical power to 50% of the existing Herman Miller seating throughout the airport terminals.**

   Progress: This project was completed in February. We were only able to provide 45% of the seating with electrical due to electrical outlet constraints throughout the terminals and the added expense it would require. This amount has provided ample coverage for our current projected passenger totals.

   Sustainability Goal: Operational Excellence, Social Responsibility.

   Authority Strategy: Strategy #2: Anticipate and exceed internal and external customer service expectations. Strategy #4: Ensure the highest level of employee satisfaction.

   Fiscal Year: 2011. **Continue in 2012?** No.

8. **Install East Harbor Drive dynamic informational roadway signage to existing outdated and abandoned Coast Guard sign posts.**

   Progress: Due to numerous raodblocks with the city it was decided to place this project on hold until further notice.

   Sustainability Goal: Operational Excellence, Social Responsibility.

   Authority Strategy: Strategy #2: Anticipate and exceed internal and external customer service expectations. Strategy #4: Ensure the highest level of employee satisfaction.

   Fiscal Year: 2011. **Continue in 2012?** No.

9. **Partner with the Air Carriers to maintain efficient and safe passenger flow throughout the terminals as we move into the Green Build Project.**

   Progress: The Green Build team has maintained a very good communication network that has given the landside TOC's the ability to stay one step ahead of the construction disruptions. Coordination with the tennants has worked exceptionally well with little or no complaints. The passengers and tennants are exceptionally tolerant.

   Sustainability Goal: Operational Excellence, Social Responsibility.

   Authority Strategy: Strategy #2: Anticipate and exceed internal and external customer service expectations. Strategy #4: Ensure the highest level of employee satisfaction.

   Fiscal Year: 2011. **Continue in 2012?** Yes.

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

    Progress: We are maintaining a better than 50% decrease in costs thus far into this fiscal year.

    Sustainability Goals: Economic Viability.

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

    Fiscal Year: 2011. **Continue in 2012?** Yes.

Landside Operations
Departmental Objectives

FY 2012 – FY 2013 Objectives

1. **Maximize customer service training for Airport Traffic Officers (ATO). The current customer service ranking for the ATO's maintains a consistent average of 90%. With the additional responsibility of the lost and found function, our department has an opportunity to increase this percentage to the mid 90's.**

   Sustainability Goal: Operational Excellence, Social Responsibility.

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

2. **Install one liquid collection containers at each security checkpoint. Eliminating liquid filled containers reduces substantial waste weight and increases container recyclabillity. Expect a 10,000 to 15,000 lb weight decrease a month in non-recylable waste.**

   Sustainability Goal: Operational Excellence, Social Responsibility.

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

3. **Broaden our local and state mandated traffic training by certifying seven (7) Lead Traffic Officers for new hire and recurrent training. We estimate that cost savings of approximately $7,000 would be realized through this internal training program.**

   Sustainability Goal: Operational Excellence, Social Responsibility.

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

4. **Establish stricter oversight of our recycling through the coordination efforts with our waste management partner and the airport janitorial staff. The oversight of our recycling program would ensure tenant compliance with the expectation of a minimum 15% increase in overall recycling efforts.**

   Sustainability Goal: Operational Excellence, Social Responsibility.

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

5. **Install 20 new outdoor waste containers to enhance our outdoor recycling efforts. These containers would supplement our existing indoor and back of house recycling efforts and help us maintain a 15% plus increase in overall recycling efforts.**

   Sustainability Goal: Operational Excellence, Social Responsibility.

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

6. **Install two eastbound Harbor Drive dynamic informational roadway signs using existing outdated and abandoned Coast Guard sign posts. Acquiring the existing infrastructure and current sign placement could save the Authority approximately $50,000 in new costs.**

   Sustainability Goal: Operational Excellence, Social Responsibility.

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

7. **Hold monthly meetings with air carrier station managers, contractors, janitorial, & TSA coordinators to maintain efficient and safe passenger flow throughout the terminals as we move into the Green Build project.**

   Sustainability Goal: Operational Excellence, Social Responsibility.

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

8. **Maintain fiscal responsibility by implementing safe work practices to achieve workers compensation cost containment measures. Success equals maintaining the loss rate per $80 per payroll at, or better than, the FY 2010 rate for the ATOs.**

   Sustainability Goals: Economic Viability, Operational Excellence.

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

Debt Service

Debt Service

Overview

Capital projects are funded by a combination of sources that include short-term and long-term debt instruments. Debt service amounts appearing in the budget are based on the revenue bond interest and principal payments and the expenses associated with the commercial paper program. Debt service expenses (net of capitalized interest) are projected at $16,783,084 for the FY 2012 Budget and $19,456,639 for the FY 2013 Conceptual Budget.

Allowed Purposes and Types of Debt

The Authority does not have taxing power and issues revenue bonds to finance the construction of airport projects. The bonds are called revenue bonds because their repayment is secured solely by revenues produced by the airport system.

Debt Limit Policy

The Authority's policy is to manage its current and future debt service requirements in compliance with all bond covenants, while prudently meeting the Authority's capital needs. The Authority's debt is limited by the outstanding bond indenture requirement that net revenues (generally defined as operating revenues less operating expenses) pledged to pay debt service exceed 125% of annual senior lien bond debt service and subordinate net revenues shall exceed 110% of subordinate lien debt service. This debt service coverage test is shown on page 326. The Authority has a cap on the annual debt service, not a cap on the amount of outstanding debt. This is a common provision in airport bond resolutions.

In addition, the Board has adopted a debt policy that calls for minimum debt service coverage of 175% for senior lien debt and aggregate debt service coverage (senior and subordinate) of 150%.

Outstanding Debt

Series 2005 Bonds

In fiscal year 1996, the California Maritime Infrastructure Authority issued Airport Revenue Bonds (the Series 1995 Bonds) for the Port District, pursuant to a trust agreement dated December 1, 1995. The proceeds of the Series 1995 Bonds, together with investment income thereon, were used solely to pay a portion of the construction and installation of the West Terminal Expansion at SDIA, to fund a reserve account, and to pay certain expenses in connection with the issuance of the Series 1995 Bonds. In conjunction with the transfer of airport operations to the Authority on January 1, 2003, the Authority assumed these bond obligations. The Series 1995 Bonds were refunded with Airport Revenue Refunding Bonds Series 2005 in October 2005 (the Series 2005 Bonds).

The Series 2005 Bonds were issued in the aggregate principal amount of $56,270,000 and were structured as serial bonds that bear interest at rates ranging from 4.5% to 5.25% maturing in fiscal years 2007 to 2021. Interest on the bonds is payable semi-annually on January 1 and July 1 of each year.

The Series 2005 Bonds are payable solely from and secured by "Pledged Revenues." Pledged Revenues are generally defined as all revenues and other cash receipts of the Authority's airport operations, reduced by operation and maintenance expenses. Pledged Revenues do not include cash received from PFCs, CFCs, or federal grants.

The Series 2005 Bonds require that charges for services be set each fiscal year at rates sufficient to produce Pledged Revenues of at least 125% of debt service for that year. This test of net pledged revenues is shown in this section.

Series 2010 Bonds

On October 5, 2010, the Authority issued $572,565,000 in Subordinate Airport Revenue Bonds. The bond proceeds will be used primarily for construction of The Green Build as well as projects in the Capital Improvement Program. The bonds were issued in the following series and amounts: Series A (non-AMT) $313,150,000; Series B (non-AMT) $44,055,000; and Series C (Build America Bonds) $215,360,000.

The purpose of Build America Bonds (BABs) is to reduce the cost of borrowing for state and local government issuers and governmental agencies. The program was applicable to new issue capital expenditure bonds issued before January 1, 2011. There are two types of BABs: "Tax Credit BABs" and "Direct Payment BABs." The Authority issued Direct Payment BABs that provide a federal subsidy of 35% of the interest paid on the bonds directly to the Authority.

The Series 2010 Bonds were structured as serial bonds that bear interest at rates ranging from 2.0% to 6.63% (prior to BAB subsidy) maturing in fiscal years 2015 to 2041. Interest on the bonds is payable semiannually on January 1 and July 1 of each year.

The Series 2010 Bonds are payable solely from and secured by "Subordinate Net Revenues." Subordinate Net Revenues are generally defined as all revenues and other cash receipts of the Authority's airport operations remaining after Senior Lien payments have been deposited by the Trustee in accordance with the Senior Lien Trust Indenture.

The following table outlines the credit ratings for the Authority's outstanding bond issues.

Rating Agency	S&P	Moody's	Fitch
Series 2005	A+	A1	A+
Series 2010	A	A2	A

Commercial Paper Series A, B, and C

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

Each series of notes are additionally secured by an irrevocable letter of credit issued by Lloyds TSB Bank plc. The letter of credit expires on September 10, 2014. Interest on the notes is paid at a rate based on the market for similar commercial paper notes.

Commercial Paper Series A and B Rating	S & P	Moody's
	A-1 +	P-1

The principal amount of Commercial Paper Notes outstanding as of June 1, 2011 is $22,254,000 in Series B. A principal payment for $745,000 is scheduled to take place at the end of Fiscal Year 2011.

Debt Service Coverage

The following table shows debt service coverage on Aggregate, Senior and Subordinate lien debt. The Subordinate lien debt includes Series 2010 Subordinate Airport Revenue Bonds and CP. The FY 2013 Conceptual Budget assumes an additional bond sale of approximately a $515 million, but the exact amount and timing of issuance is being evaluated.

	FY 2010 Actuals	FY 2011 Amended Budget	FY 2012 Budget	FY 2013 Conceptual Budget
Airport Revenues	$138,113,792	$149,285,240	$162,245,021	$183,659,809
Operations & Maintenance Expenses	($116,275,131)	($120,923,329)	($119,094,470)	($125,157,915)
Net Airport Revenues available for Senior & Subordinate Lien Debt Service	$21,838,660	$28,361,911	$43,150,551	$58,501,895
Aggregate (Senior & Subordinate Lien) Debt Service	$5,840,953	$9,256,132	$18,883,725	$22,812,117
Aggregate Debt Service Coverage (x)	3.74	3.06	2.29	2.56
Senior Lien Debt Service	$5,349,475	$5,354,225	$5,355,975	$5,364,475
Senior Lien Debt Service Coverage (x)	4.08	5.30	8.06	10.91
Net Airport Revenues available for Subordinate Lien Debt Service	$16,489,185	$23,007,686	$37,794,576	$53,137,420
Subordinate Lien Debt Service	$491,478	$3,901,907	$13,527,750	$17,447,642
Subordinate Lien Debt Service Coverage (x)	33.55	5.90	2.79	3.05

Revenue Bonds Debt Service Schedule

Year Ended July 1	2005 Bonds Principal and Interest	2010 Bonds Principal and Interest	Total
2010	$5,349,475		$5,349,475
2011	5,354,225	7,378,415	$12,732,640
2012	5,355,975	12,575,681	$17,931,656
2013	5,364,475	31,973,215	$37,337,690
2014	5,363,975	37,490,498	$42,854,473
2015	5,369,475	40,149,398	$45,518,873
2016	5,375,113	40,151,798	$45,526,911
2017	5,376,713	40,146,248	$45,522,961
2018	5,381,763	40,149,748	$45,531,511
2019	5,389,475	40,145,848	$45,535,323
2020	5,394,063	40,143,798	$45,537,861
2021		40,150,548	$40,150,548
2022		40,151,423	$40,151,423
2023		40,144,111	$40,144,111
2024		40,148,486	$40,148,486
2025		40,149,486	$40,149,486
2026		40,147,486	$40,147,486
2027		40,143,236	$40,143,236
2028		40,151,736	$40,151,736
2029		40,151,736	$40,151,736
2030		40,145,486	$40,145,486
2031		50,928,986	$50,928,986
2032		50,619,205	$50,619,205
2033		50,356,695	$50,356,695
2034		49,994,740	$49,994,740
2035		49,581,574	$49,581,574
2036		49,045,358	$49,045,358
2037		48,493,038	$48,493,038
2038		47,909,880	$47,909,880
2039		47,306,652	$47,306,652
2040		46,678,384	$46,678,384
Total	**$59,074,727**	**$1,222,702,894**	**$1,281,777,621**

FY 2012 – FY 2013 Debt Service by Source

	FY 2010 Actuals	FY 2011 Amended Budget	FY 2012 Conceptual Budget	FY 2012 Budget	Inc/(Dec) FY12 vs FY11 Amended	% Change	Inc/(Dec) FY12 vs FY12 Conceptual	% Change	FY 2013 Conceptual Budget	Inc/(Dec) FY13 Conceptual vs FY12	% Change
Debt Service											
Principal on Commercial Paper	$ -	$ 745,000	$ -	$ 780,000	$ 35,000	4.7%	$ 780,000	0.0%	$ 805,000	$ 25,000	**3.2%**
Principal on Revenue Bonds	3,105,000	3,265,000	3,430,000	4,410,000	1,145,000	35.1%	980,000	28.6%	4,610,000	200,000	4.5%
Interest on Revenue Bonds and Commercial Paper	2,410,422	13,211,225	10,882,775	11,941,815	(1,269,410)	-9.6%	1,059,040	9.7%	14,192,511	2,250,696	18.8%
Fees	366,109	171,608	103,454	300,812	129,204	75.3%	197,358	190.8%	365,594	64,782	21.5%
Amortization of Bond Premium and Cost of Issuance	73,517	144,848	343,181	(649,543)	(794,391)	-548.4%	(992,724)	-289.3%	(516,466)	133,077	-20.5%
Other	(92,936)	-	-	-	-	0.0%	-	0.0%	-	-	0.0%
Total Debt Service	**$ 5,862,112**	**$ 17,537,681**	**$ 14,759,410**	**$ 16,783,084**	**$ (754,597)**	**-4.3%**	**$ 2,023,674**	**13.7%**	**$ 19,456,639**	**$ 2,673,555**	**15.9%**

Capital Program

Capital Program

Overview

The capital program at SDIA consists of the Capital Improvement Program (CIP) and the Green Build/Terminal Development Program (Green Build). The CIP is a rolling five-year program that provides critical improvements and asset preservation. The program includes capital improvement projects that address federal security requirements, airfield safety, environmental remediation, terminal upgrades and development. Funding sources for the projects include Federal Aviation Administration and Transportation Security Agency grants, Passenger Facility Charges (PFCs), Customer Facility Charges (CFCs), airport operating revenues, airport revenue bonds, and short-term borrowing using commercial paper. The capital program includes funding for the Green Build to expand Terminal 2 with 10 additional passenger gates, a new dual-level roadway at Terminal 2, and additional aircraft Remain Overnight parking areas. The Green Build is expected to be completed in 2013 and is estimated to cost approximately $ 865 million.

Program Summary

FY 2011 Capital Improvement Program	$ 376,923,089
FY 2011 Project Closeouts	(157,665,633)
FY 2011 Project Additions and Savings, Net	(3,095,274)
FY 2011 Capital Improvement Program Balance	$ 216,162,182
Proposed New Projects	89,720,211
The Green Build	864,612,702
Proposed FY 2012 – 2016 Capital Program	$ 1,170,495,095

Sources & Uses of Funds by Fiscal Year

Sources of Funds

The Green Build	Pre FY2012	FY2012	FY2013	FY2014	FY2015	FY2016	Total
Federal Grants	$ 28,669,089	$ 30,581,537	$ -	$ -	$ -	$ -	$ 59,250,626
Passenger Facility Charges	90,531,334	15,754,455	13,361,932	-	-	-	119,647,721
Airport Revenue Bonds	135,620,877	283,425,687	264,946,713	-	-	-	683,993,277
Airport Cash	941,706	200,530	578,843	-	-	-	1,721,079
Other	-	-	-	-	-	-	-
TOTAL	$ 255,763,006	$ 329,962,209	$ 278,887,488	$ -	$ -	$ -	$ 864,612,702

Capital Improvement Program	Pre FY2012	FY2012	FY2013	FY2014	FY2015	FY2016	Total
Federal Grants	$ 2,650,688	$ 5,595,176	$ 5,931,617	$ 19,103,185	$ 25,388,143	$ 351,508	$ 59,020,317
Passenger Facility Charges	7,841,190	223,785	785,036	3,325,047	3,325,047	57,487	15,557,592
Airport Revenue Bonds	6,226,778	53,397,009	86,298,200	12,907,790	17,647,115	12,444,768	188,921,659
Airport Cash	2,992,786	8,413,524	4,457,353	-	-	-	15,863,663
Other	3,442,697	4,273,654	15,945,731	2,857,079	-	-	26,519,162
TOTAL	$ 23,154,139	$ 71,903,148	$ 113,417,937	$ 38,193,101	$ 46,360,305	$ 12,853,763	$ 305,882,393
TOTAL SOURCES OF FUNDS	**$ 278,917,145**	**$ 401,865,357**	**$ 392,305,424**	**$ 38,193,101**	**$ 46,360,305**	**$ 12,853,763**	**$ 1,170,495,096**

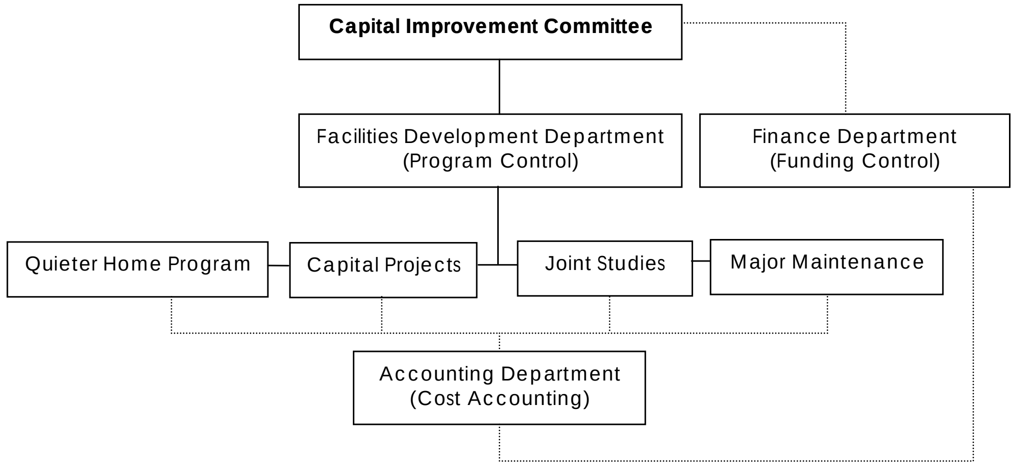
Uses of Funds

The Green Build	Pre FY2012	FY2012	FY2013	FY2014	FY2015	FY2016	Total
Airside	$ 38,601,853	$ 23,222,514	$ 11,984,359	$ -	$ -	$ -	$ 73,808,725
Terminal	143,145,283	223,094,908	198,634,402	-	-	-	564,874,593
Administrative / Other	-	-	-	-	-	-	-
Landside	74,015,870	83,644,786	68,268,727	-	-	-	225,929,384
TOTAL	$ 255,763,006	$ 329,962,209	$ 278,887,488	$ -	$ -	$ -	$ 864,612,702

Capital Improvement Program	Pre FY2012	FY2012	FY2013	FY2014	FY2015	FY2016	Total
Airside	$ 4,016,113	$ 14,297,306	$ 6,590,215	$ 22,275,591	$ 31,891,549	$ 3,723,058	$ 82,793,832
Terminal	10,174,112	23,496,215	37,555,596	2,046,749	3,079,800	700,000	77,052,473
Administrative / Other	-	4,378,571	4,553,571	4,103,571	3,764,286	1,900,000	18,700,000
Landside	8,963,913	29,731,056	64,718,554	9,767,190	7,624,671	6,530,705	127,336,089
TOTAL	$ 23,154,139	$ 71,903,148	$ 113,417,937	$ 38,193,101	$ 46,360,305	$ 12,853,763	$ 305,882,393
TOTAL SOURCES OF FUNDS	**$ 278,917,145**	**$ 401,865,357**	**$ 392,305,424**	**$ 38,193,101**	**$ 46,360,305**	**$ 12,853,763**	**$ 1,170,495,096**

Capital Improvement Committee

The Capital Improvement Committee (CIC) is composed of the Airport Authority's five (5) Vice Presidents and oversees the Capital Improvement Program. The CIC meets monthly and reviews all new project requests, changes to project scopes, budgets, and schedules and ensures the efficient use of the Authority's capital resources.



Capital Program Process

The **Capital Improvement Program** is designed to be a dynamic process. The CIC may review new project requests throughout the year to accommodate the ever-changing airport environment and regulatory requirements.

The capital program process begins by each department submitting project requests for their functional area. These project requests are reviewed and approved by the respective department's Vice President prior to submission to the CIC.

After the request is submitted to the CIC, interviews are conducted between Authority staff and project sponsors to determine if there are any significant issues and/or risks in undertaking the project. Starting with the adoption of the Authority Sustainability Policy, a holistic review is completed with a focus on total costs of ownership to determine project feasibility and economic viability. In addition, the operational benefit and the Authority's ability to provide natural resource conservation while being socially responsible are evaluated.

Following the interviews, the CIC may direct the Facilities Development Department (FDD), in coordination with project sponsors, to define the project deliverable and report on estimated costs through 30% schematic design and/or finished construction. Project budgets, schedules, issues, and proposed funding sources are presented to the CIC. The CIC recommends the project to be included in the CIP or the CIC may revise the list of projects to be presented to the Authority Board based on funding availability and project necessity. Following Authority Board approval of the CIP, FDD project teams begin the project as planned and approved.

The **Green Build** is a separate program chartered with implementing specific terminal expansion, roadway, and airside projects. It is under the oversight of the Board's Terminal Development Program Committee as well as the Executive Steering Committee, which consists of the Authority's senior staff members.

Funding

Airport Improvement Program

AIP grants are offered to the Authority to provide funding assistance to those eligible capital projects that meet the criteria of the federal program.

Title 49 of the United States Code (U.S.C.) authorizes the AIP program. The objective of this federal program is to assist in the development of a nationwide system of public use airports, to ensure the safe and secure operation of the airport and airway system, and to meet the projected needs of the public. The program not only provides funding for development projects, but also airport planning and noise compatibility programs. The program is funded by aviation use fees, which are collected and deposited into the Airport and Airway Trust Fund that generates the revenues in support of the AIP. The U.S. Congress authorizes expenditures from this dedicated fund on an annual basis each year. The AIP program includes entitlement and discretionary funding. Entitlement funds are awarded to eligible sponsors through a formula based on the number of passenger boardings and cargo tonnage at each airport. Discretionary funds are set aside to provide the FAA the flexibility to fund various high priority programs. The AIP program typically provides funding up to 80.59% of eligible project costs.

Once awarded, AIP grants must typically be expended within four years. Projected usage of previously awarded AIP grants is $36 million in FY 2012 and $6 million in FY 2013.

Passenger Facility Charge

PFCs were initially authorized through the Aviation Safety and Capacity Expansion Act of 1990. The Act allowed public agencies, which manage commercial airports, to charge each enplaning passenger a facility charge in accordance with FAA requirements. The passenger facility charge is levied on the passenger tickets, collected by the airline, and forwarded to the airport (less a handling fee charged by the airlines). The revenues collected are to preserve or enhance safety, security, capacity, to reduce noise, or to enhance competition. The primary difference between AIP and PFC is that the PFC is a fee directly to the passenger, is administratively retained by the airport, and is considered local funds versus airport funds.

SDIA began collecting a PFC of $3.00 per enplaned passenger on October 1, 1995. Approved amendments to and applications for the airport's PFC program occurred on December 16, 1997 and on June 5, 2001. The Federal Aviation Administration approved the third passenger facility application on May 20, 2003 that established authority to collect $4.50 per eligible enplaned passenger effective August 1, 2003. Subsequent applications have maintained collections at the $4.50 level. An eighth application was approved by the FAA in November 2010 for a total collection authority of approximately $1.1 billion in support of the Terminal Development Program.

Customer Facility Charge

California state law authorizes an airport to collect fees for financing, designing, and constructing consolidated car rental facilities as well as terminal modifications to accommodate and provide customer access to common-use transportation systems. Implementation of a Customer Facility Charge at SDIA was approved by the Board in FY 2009. Authorization for the use of CFCs for initial planning efforts was given in FY 2010. The fee collected is $10 per car rental transaction. This will fund the construction of a consolidated car rental facility as well as certain costs associated with common-use transportation systems. Projected usage of CFCs is $4 million in FY 2012 and $16 million in FY 2013.

Transportation Security Agency Other Transaction Agreement

The Transportation Security Agency is authorized by the Homeland Security Act of 2002 to utilize Other Transaction Agreements (OTA) to fund its Explosive Baggage Screening Program (EBSP) and its Closed Circuit TV (CCTV) Program at the Nation's airports. TSA's use of OTAs is primarily as a mechanism for providing reimbursement funding and outlining the roles and responsibilities associated with these shared airport projects. SDIA received a $28 million OTA from the TSA in FY 2010 for installation and construction costs associated with Explosive Detection Systems as part of the Terminal 2 expansion.

Project Descriptions & Funding Sources

Airside Projects

103044 – NTC Landfill Remediation

Description: The project includes the required environmental remediation of the contaminated areas on the former Naval Training Center (NTC), which is approximately 51 acres of land transferred to the Port District from the Navy for Airport use.

Project Cash Flow

Prior Years	FY 2012	FY 2013	FY 2014	FY2015	**Total**
	1,812,571				**$ 1,812,571**

Funding Source

AIP	PFC	Other	Revenue Bonds	Airport Funds	**Total**
			1,812,571		**$ 1,812,571**

104046 – FAR Part 150 Update

Description: Updates the 1989 Noise Exposure Map and redefines SDIA's noise mitigation measures and Quieter Home Program (Residential Sound Insulation) eligibility criteria.

Project Cash Flow

Prior Years	FY 2012	FY 2013	FY 2014	FY2015	**Total**
1,295,169	87,531				**$ 1,382,700**

Funding Source

AIP	PFC	Other	Revenue Bonds	Airport Funds	**Total**
1,114,000	268,700			100,495	**$ 1,382,700**

104087 – Runway 9 Displaced Threshold Relocation

Description: This project relocates the Runway 09 displaced threshold by 300 ft. east and includes pavement striping, marking, relocation, and color change-out of existing threshold, touchdown, and approach lighting systems.

Project Cash Flow

Prior Years	FY 2012	FY 2013	FY 2014	FY2015	**Total**
463,346	455,531	2,515,723	30,000		**$ 3,464,603**

Funding Source

AIP	PFC	Other	Revenue Bonds	Airport Funds	**Total**
				3,464,603	**$ 3,464,603**

104110 – Rehabilitate Storm Water/Airfield Drainage

Description: This project will improve and strengthen drainage pipes located on the airfield beneath the runway and taxiways.

Project Cash Flow

Prior Years	FY 2012	FY 2013	FY 2014	FY2015	**Total**
764,042	6,735,958				**$ 7,500,000**

Funding Source

AIP	PFC	Other	Revenue Bonds	Airport Funds	**Total**
2,129,970			5,370,030		**$ 7,500,000**

104111 – Relocate Vehicle Service Road West Runway 9-27

Description: This project relocates the existing vehicle service road so that it is outside the Runway Safety Area and aligned to connect with the proposed perimeter road for the Terminal Development Program.

Project Cash Flow

Prior Years	FY 2012	FY 2013	FY 2014	FY2015	**Total**
401,595	1,298,405				**$ 1,700,000**

Funding Source

AIP	PFC	Other	Revenue Bonds	Airport Funds	**Total**
1,370,030			329,970		**$ 1,700,000**

104112 – Airfield Pavement Management Program

Description: Study to evaluate the condition of the runway, taxiway, apron pavements, and recommend which areas require repair or reconstruction.

Project Cash Flow

Prior Years	FY 2012	FY 2013	FY 2014	FY2015	**Total**
769,239	20,000				**$ 789,239**

Funding Source

AIP	PFC	Other	Revenue Bonds	Airport Funds	**Total**
			789,239		**$ 789,239**

104130 – North Side Cargo Taxi Lanes and Developer Oversight

Description: This project provides two taxi lanes to connect the cargo apron with Taxiway "C" and developer oversight for the duration of the project.

Project Cash Flow

Prior Years	FY 2012	FY 2013	FY 2014	FY2015	**Total**
	500,000				**$ 500,000**

Funding Source

AIP	PFC	Other	Revenue Bonds	Airport Funds	**Total**
			500,000		**$ 500,000**

104128 – FBO Taxi Lane and Developer Oversight

Description: This project provides a single taxi lane to connect the FBO apron with Taxiway "C" and provides developer oversight for the duration of the project.

Project Cash Flow

Prior Years	FY 2012	FY 2013	FY 2014	FY2015	FY 2016	**Total**
				445,960	3,286,890	**$ 3,732,850**

Funding Source

AIP	PFC	Other	Revenue Bonds	Airport Funds		**Total**
			3,732,850			**$ 3,732,850**

104129 – Relocate Taxiway B

Description: This project relocates the existing parallel Taxiway "B" from its current position of 362.5 feet south of Runway 9/27 centerline to a position 400 feet south of the runway centerline. This position will place the parallel taxiway at the Federal Aviation Administration's required safety distance.

Project Cash Flow

Prior Years	FY 2012	FY 2013	FY 2014	FY2015	FY 2016	**Total**
	622,230	4,044,492	17,130,588	17,130,588	296,172	**$ 39,224,070**

Funding Source

AIP	PFC	Other	Revenue Bonds	Airport Funds		**Total**
31,610,678	7,613,392					**$ 39,224,070**

New – Rehabilitate Runway 9-27

Description: The project provides for rehabilitation of the airfield asphalt pavement on Runway 9/27 which includes milling and replacing the top three inches of the approximately 9,400 x 200 ft. pavement surface; removal and replacement of failed sub-grade; adjustment of electrical runway lights and appurtenances; striping, marking, and related work.

Project Cash Flow

Prior Years	FY 2012	FY 2013	FY 2014	FY2015	FY 2016	**Total**
			5,145,003	14,315,001	139,996	**$ 19,600,000**

Funding Source

AIP	PFC	Other	Revenue Bonds	Airport Funds		**Total**
15,795,640			3,804,360			**$ 19,600,000**

Landside Projects

103078A – T1 Pedestrian Bridge – Public Art

Description: This project creates a signature artwork that initiates combined experiences with existing (and possibly new) pedestrian bridges.

Project Cash Flow

Prior Years	FY 2012	FY 2013	FY 2014	FY2015	**Total**
	180,000				**$ 180,000**

Funding Source

AIP	PFC	Other	Revenue Bonds	Airport Funds	**Total**
				180,000	**$ 180,000**

104066 – TDY Site Demolition

Description: This project consists of site demolition and environmental remediation, both of which are governed by the Settlement Agreement: "2701 North Harbor Drive Site Demolition and Remediation Settlement Agreement, Releases, and Covenants Not to Sue" executed March 23, 2007. The parties to the agreement are 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 2012	FY 2013	FY 2014	FY2015	**Total**
3,876,734	3,123,266				**$ 7,000,000**

Funding Source

AIP	PFC	Other	Revenue Bonds	Airport Funds	**Total**
			1,178,803	5,821,197	**$ 7,000,000**

104099 – Exterior Campus Communication Infrastructure

Description: This project provides for design and construction of exterior backbone cable routes, duct bank adjustments, cabling, and associated infrastructure around the airport campus for increased efficiency in communications.

Project Cash Flow

Prior Years	FY 2012	FY 2013	FY 2014	FY2015	**Total**
213,362	1,594,945				**$ 1,808,307**

Funding Source

AIP	PFC	Other	Revenue Bonds	Airport Funds	**Total**
			1,808,307		**$ 1,808,307**

104109 – CONRAC

Description: This project will initiate, define, plan, and determine feasibility for a CONRAC on General Dynamic's site.

Project Cash Flow

Prior Years	FY 2012	FY 2013	FY 2014	FY2015	**Total**
1,914,000	386,000				**$ 2,300,000**

Funding Source

AIP	PFC	CFC	Revenue Bonds	Airport Funds	**Total**
		2,300,000			**$ 2,300,000**

104124 – Washington Street Intersection & Access Improvements

Description: This project includes modifications to the existing Washington Street / Pacific Highway Off-Ramp intersection and reconstruction of the Washington Street SDIA and MCRD access roadway south of the Pacific Highway Off-Ramp including access to the Central Receiving and Distribution Center.

Project Cash Flow

Prior Years	FY 2012	FY 2013	FY 2014	FY2015	**Total**
375,683	4,362,117				**$ 4,737,800**

Funding Source

AIP	PFC	Other	Revenue Bonds	Airport Funds	**Total**
		1,235,120	3,502,680		**$ 4,737,800**

104135 – Interior North Side Road & Site Prep

Description: This project provides an interior roadway that extends between the existing Pacific Coast Highway / Sassafras intersection and the extension of Washington Street south of Pacific Coast Highway. The road will house the utilities that will service the entire North Side development plan.

Project Cash Flow

Prior Years	FY 2012	FY 2013	FY 2014	FY2015	**Total**
		1,061,340	2,846,200		**$ 3,907,540**

Funding Source

AIP	PFC	Other	Revenue Bonds	Airport Funds	**Total**
			3,907,540		**$ 3,907,540**

104134 – Dedicated Access Road to Terminals

Description: This project provides a dedicated perimeter road that connects the airport terminals to the proposed Consolidated Rental Agency Center (CONRAC).

Project Cash Flow

Prior Years	FY 2012	FY 2013	FY 2014	FY2015	FY 2016	**Total**
	84,315	648,409	3,231,311	6,562,450	242,925	**$ 10,769,410**

Funding Source

AIP	PFC	CFC	Revenue Bonds	Airport Funds	Other	**Total**
		3,589,803	7,179,607			**$ 10,769,410**

104118 – North Side Utility Infrastructure

Description: This project provides the necessary utility infrastructure to support the implementation of the North Side development plan including sewer, water, natural gas, electrical, telecommunications, and storm drains.

Project Cash Flow

Prior Years	FY 2012	FY 2013	FY 2014	FY2015	**Total**
994,444	1,616,400	16,492,461	14,309,645		**$ 33,412,950**

Funding Source

AIP	PFC	CFC	Revenue Bonds	Airport Funds	**Total**
3,500,000		11,137,650	18,775,300		**$ 33,412,950**

104119 – Central Receiving & Distribution Center Development

Description: This project provides the necessary developer oversight to support the implementation of a new centralized receiving and distribution center for the Airport.

Project Cash Flow

Prior Years	FY 2012	FY 2013	FY 2014	FY2015	**Total**
786,724	900,000	363,276			**$ 2,050,000**

Funding Source

AIP	PFC	Other	Revenue Bonds	Airport Funds	**Total**
			2,050,000		**$ 2,050,000**

104133 – Storm Water BMP's

Description: This project provides for installation of Stormwater Treatment Best Management Practices (BMP's) in existing parking lots, airport internal roadways, and lawn areas including wire mesh screen at curb inlets & curb inlet filters, and replacement of existing lawn areas with artificial turf.

Project Cash Flow

Prior Years	FY 2012	FY 2013	FY 2014	FY2015	Total
		84,470	978,130		**$ 1,062,600**

Funding Source

AIP	PFC	Other	Revenue Bonds	Airport Funds	Total
			1,062,600		**$ 1,062,600**

104126 – South Side Interim Site Project Plan & Use

Description: This project provides finish grading, compaction, and paving the approximately 40-acre site with approximately 2-inches of asphalt following demolition of buildings and foundations. Included in the work is the installation of surface swales and drainage piping.

Project Cash Flow

Prior Years	FY 2012	FY 2013	FY 2014	FY2015	Total
44,454	4,161,062	1,922,754			**$ 6,128,270**

Funding Source

AIP	PFC	Other	Revenue Bonds	Airport Funds	Total
			6,128,270		**$ 6,128,270**

104125 – South Side Planning Interim Parking Plan

Description: This project provides interim parking striping and signage for approximately 1,140 spaces including conduit, luminaries, and site security cameras. Included in the work are the installation of landscaping and fencing along the roadway perimeter and the creation of approximately 100 additional cell phone parking spaces for the traveling public.

Project Cash Flow

Prior Years	FY 2012	FY 2013	FY 2014	FY2015	Total
168,754	3,208,046				**$ 3,376,800**

Funding Source

AIP	PFC	Other	Revenue Bonds	Airport Funds	Total
			3,376,800		**$ 3,376,800**

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 at the north side of the airport.

Project Cash Flow

Prior Years	FY 2012	FY 2013	FY 2014	FY2015	**Total**
642,254	1,831,003	17,381,360	44,170		**$ 19,898,786**

Funding Source

AIP	PFC	Other	Revenue Bonds	Airport Funds	**Total**
		6,632,929	13,265,857		**$ 19,898,786**

104127 – Reconstruction of Lot 8

Description: This project includes reconstruction of Lot 8 and SAN Park - Harbor Drive after all demolition and remediation operations are completed under Project No. 104066 - TDY Demolition

Project Cash Flow

Prior Years	FY 2012	FY 2013	FY 2014	FY2015	**Total**
245,000	1,700,000	1,591,451			**$ 3,536,451**

Funding Source

AIP	PFC	Other	Revenue Bonds	Airport Funds	**Total**
			3,536,451		**$ 3,536,451**

New – Relocate Solar Turbines Employee Parking

Description: This project includes the relocation of Solar Turbines employee parking along Laurel Street to a SAN Park - Harbor Drive location after all demolition and remediation operations on the TDY property are completed.

Project Cash Flow

Prior Years	FY 2012	FY 2013	FY 2014	FY2015	**Total**
			1,223,334	1,812,380	**$ 3,035,714**

Funding Source

AIP	PFC	Other	Revenue Bonds	Airport Funds	**Total**
			3,035,714		**$ 3,035,714**

New – Relocate Lot 6 Employee Parking

Description: This project includes the relocation of Lot 6 employee parking on Harbor Island to a SAN Park - Harbor Drive location after all demolition and remediation operations on the TDY property are completed.

Project Cash Flow

Prior Years	FY 2012	FY 2013	FY 2014	FY2015	FY 2016	**Total**
				1,062,220	6,287,780	**$ 7,350,000**

Funding Source

AIP	PFC	CFC	Revenue Bonds	Airport Funds		**Total**
			7,350,000			**$ 7,350,000**

New – Revenue Control System – TDY Parking

Description: The project includes constructing a Revenue Control System that accommodates the future South Side Interim Parking combined with the new Lot 8 and SAN Park 1. This project will be done in conjunction with the South Side Interim Parking Project that was approved as part of the FY11- FY15 CIP program.

Project Cash Flow

Prior Years	FY 2012	FY 2013	FY 2014	FY2015	**Total**
	1,839,260				**$ 1,839,260**

Funding Source

AIP	PFC	Other	Revenue Bonds	Airport Funds	**Total**
			1,839,260		**$ 1,839,260**

New – Washington St. Parking/Revenue Control

Description: The project consists of creating approximately 2,050 additional spaces located at the south easterly corner of Pacific Highway and Washington Street. This project provides a long term parking facility to replace existing parking areas that will be impacted by the development of the future CONRAC and FBO sites on the North Side.

Project Cash Flow

Prior Years	FY 2012	FY 2013	FY 2014	FY2015	**Total**
191,663	4,178,337	8,380,000			**$ 12,750,000**

Funding Source

AIP	PFC	Other	Revenue Bonds	Airport Funds	**Total**
		2,550,000	10,200,000		**$ 12,750,000**

New – Relocate Revenue Control – SAN Park Pacific Hwy.

Description: The project includes relocation, modification and expansion of revenue control equipment within the existing SAN Park – Pacific Highway lot to provide access to customers during construction of the future North Side Development.

Project Cash Flow

Prior Years	FY 2012	FY 2013	FY 2014	FY2015	**Total**
		405,000	855,000		**$ 1,260,000**

Funding Source

AIP	PFC	Other	Revenue Bonds	Airport Funds	**Total**
			1,260,000		**$ 1,260,000**

New – TDY Site Demolition Budget Augmentation

Description: The terms of the Settlement Agreement between the San Diego Regional County Airport Authority ("Airport") and the San Diego Unified Port District ("Port") in May 2004, require that in the event amounts received by the Port for the Demolition Project ("TDY Demolition Funds") are insufficient to cover all demolition and building abatement costs, the Airport and the Port shall be equally responsible and shall share equal payments of the remaining demolition and abatement costs. This budget augmentation is to provide cost-shared funding to complete the Phase III TDY Demolition project.

Project Cash Flow

Prior Years	FY 2012	FY 2013	FY 2014	FY2015	**Total**
	3,500,000	700,000			**$ 4,200,000**

Funding Source

AIP	PFC	Other	Revenue Bonds	Airport Funds	**Total**
				4,200,000	**$ 4,200,000**

Terminal Projects

104021 – Wireless Network System

Description: This project will establish an interior optical fiber infrastructure in terminals that would support general network requirements as well as wireless requirements.

Project Cash Flow

Prior Years	FY 2012	FY 2013	FY 2014	FY2015	**Total**
704,035	1,495,965				**$ 2,200,000**

Funding Source

AIP	PFC	Other	Revenue Bonds	Airport Funds	**Total**
			2,200,000		**$ 2,200,000**

104056 – Expand T2E Facilities

Description: This project will expand the Terminal 2 East building area between Gates 24/26 and 26/28 to increase hold room area, provide new concession and restroom areas by approximately 11,000 ft^2, relocate American Airlines Admiral's Club, build out the second story above American Airlines' Bag Makeup area by approximately 7,360 SF, and provide concession shell spaces. Pre-security, the concession area, and food court will be converted to new concession shell spaces and an expanded ticket lobby area. The project will also build out between Gates 25 and 27 by approximately 7,000 SF to provide for new concessions core area. The completion of the project will result in increased seating capacity, increased concession space post-security, enhanced customer service areas, increased revenue, and less passenger congestion in the ticket lobby.

Project Cash Flow

Prior Years	FY 2012	FY 2013	FY 2014	FY2015	**Total**
7,599,650	18,894,432	23,689,286	650,000		**$ 50,833,368**

Funding Source

AIP	PFC	Other	Revenue Bonds	Airport Funds	**Total**
	7,675,500		43,157,868		**$ 50,833,368**

104079 – Bag Belt Start/FIDS Interlock

Description: This project improves customer service and bag delivery performance by providing an interlock between the incoming bag belt and Flight Information Display system, ensuring that the incoming bag belt cannot be started until carousel handlers have entered a flight number on the carousel.

Project Cash Flow

Prior Years	FY 2012	FY 2013	FY 2014	FY2015	**Total**
609,865	80,465				**$ 690,330**

Funding Source

AIP	PFC	Other	Revenue Bonds	Airport Funds	**Total**
			690,330		**$ 690,330**

104101 – T1 Baggage Claim - Public Art

Description: Artwork for face of soffit wall of Terminal 1 above baggage claim

Project Cash Flow

Prior Years	FY 2012	FY 2013	FY 2014	FY2015	**Total**
65,559	114,441				**$ 180,000**

Funding Source

AIP	PFC	Other	Revenue Bonds	Airport Funds	**Total**
				180,000	**$ 180,000**

104041B – T2E Ticketing – Public Art

Description: This is an opportunity for an artist or artist team to affect the walls, columns, and other areas throughout the Terminal 2 East concourse, ticketing areas, and North Gates.

Project Cash Flow

Prior Years	FY 2012	FY 2013	FY 2014	FY2015	**Total**
151,811	48,189				**$ 200,000**

Funding Source

AIP	PFC	Other	Revenue Bonds	Airport Funds	**Total**
				200,000	**$ 200,000**

104041 – Public Art Allowance

Description: The Public Art Allowance is to provide a source of funds for inclusion of public art in conjunction with appropriate CIP Project.

Project Cash Flow

Prior Years	FY 2012	FY 2013	FY 2014	FY2015	**Total**
	605,815	605,815	605,815		**$ 1,817,445**

Funding Source

AIP	PFC	Other	Revenue Bonds	Airport Funds	**Total**
				1,817,445	**$ 1,817,445**

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 2012	FY 2013	FY 2014	FY2015	FY 2016	**Total**
	2,950,000	3,125,000	2,675,000	3,050,000	1,900,000	**$ 13,700,000**

Funding Source

AIP	PFC	Other	Revenue Bonds	Airport Funds		**Total**
			13,700,000			**$ 13,700,000**

New – Terminal 1 Concessions

Description: This project includes the demolition and infrastructure upgrade of the existing Terminal 1 Concessions spaces. Upon completion of the demolition and infrastructure upgrade, new shell spaces will be provided for the build out of new concession concepts (by others).

Project Cash Flow

Prior Years	FY 2012	FY 2013	FY 2014	FY2015	**Total**
57,095	182,000	5,504,500	1,556,405		**$ 7,300,000**

Funding Source

AIP	PFC	Other	Revenue Bonds	Airport Funds	**Total**
			2,300,000		**$ 7,300,000**

New – Concession Development Program Support

Description: This project includes 3rd party program management, architectural review, and construction inspection support for SDIA's Concession Development Program.

Project Cash Flow

Prior Years	FY 2012	FY 2013	FY 2014	FY2015	**Total**
209,700	639,204	1,030,952	340,344	79,800	**$ 2,300,000**

Funding Source

AIP	PFC	Other	Revenue Bonds	Airport Funds	**Total**
			2,300,000		**$ 2,300,000**

Administrative/Other Projects

FMD – Facilities Management Department Capital Expenditures - Administrative

Description: This project provides for the necessary ongoing maintenance of various capital improvement projects.

Project Cash Flow

Prior Years	FY 2012	FY 2013	FY 2014	FY2015	FY2016	
	250,000	100,000	150,000	3,000,000	700,000	**$ 4,200,000**

Funding Source

AIP	PFC	Other	Revenue Bonds	Airport Funds		**Total**
			4,200,000			**$ 4,200,000**

New – Airport Master Plan

Description: This project will define the future plan for SDIA through the year 2040. The near term phase will focus on the replacement of Terminal 1 and the Commuter Terminal. The future uses of the TDY property will also be defined, as well as the ultimate build-out of all airport property north of the runway. It will include associated environmental analyses and documentation (both CEQA and NEPA) and preparation of an FAA-approved Airport Layout Plan (ALP) package.

Project Cash Flow

Prior Years	FY 2012	FY 2013	FY 2014	FY2015	**Total**
	1,428,571	1,428,571	1,428,571	714,286	**$ 5,000,000**

Funding Source

AIP	PFC	Other	Revenue Bonds	Airport Funds	**Total**
3,500,000			1,500,000		**$ 5,000,000**

Operating Budget Impact

The following tables indicate the potential incremental effect on the operating budget in various fiscal years resulting from the proposed Capital Program. Amounts for FY 2012 are reflected in the FY 2012 SDCRAA Budget. Future year amounts are estimates and will be included in future budgets if appropriate.

Revenues

Program	Revenue Category	FY 2012	FY 2013	FY 2014
Concession Development Program – Cost recovery from concessionaires for operating and maintenance expenses (including Central Receiving and Distribution Center operating costs)	Terminal Concessions	$0	$1,371,950	$2,243,900

Expenses

CIP #	Project	Expense Category	FY 2012	FY 2013	FY 2014
	Landside				
104119	**Central Receiving and Distribution Center Development** – Management, utilities & maintenance for the new facility	Management, Utilities, Maintenance	$0	$871,950	$1,815,300
104125	**South Side Interim Parking Plan** – Utility services for the parking lot, booths and equipment	Utilities	7,500	10,500	10,700
104134	**Dedicated Access Road to Terminals** – Lease expense	Lease Expense	0	0	400,000
104136	**Construct Airport Electrical Distribution System** – Electrician staffing and maintenance for the new system	Maintenance, Personnel	5,000	11,000	260,000
NEW	**Relocate Lot 6 Employee Parking** – Lease expense savings	Lease Expense	0	0	(1,032,996)
		Subtotal	**$15,000**	**$896,000**	**$1,860,154**
	Terminal				
104056	**Expand T2E Facilities** - Utilities and maintenance for the expanded facilities	Utilities, Maintenance	$ 0	$ 404,600	$ 416,710
104079	**Bag Belt Start / FIDS Interlock** – Equipment maintenance	Maintenance	10,270	10,338	10,408
104122	**Refurbish Concession Support Infrastructure** – Management, utilities and maintenance of the refurbished facilities	Management, Utilities, Maintenance	40,000	625,000	628,750
NEW	**Terminal 1 Concessions** - Utilities and maintenance of the concession facilities	Utilities, Maintenance	24,100	77,000	78,900
		Subtotal	**$74,370**	**$1,116,938**	**$1,134,768**
		Grand Total	**$89,370**	**$2,012,938**	**$2,994,922**

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:

Expenses

Description	Expense Category	FY 2012	FY 2013	FY 2014
Airside				
Ramp Control Tower – Staffing and equipment for the new Ramp Control Tower	Personnel, Equipment, Misc.	$ 0	$ 112,439	$460,500
Maintenance – Maintenance for airside	Personnel, Contractual Services, Utilities, Maintenance	16,000	248,000	376,000
	Subtotal	**$ 16,000**	**$ 360,439**	**$836,500**
Terminal				
Security - Contract security & HPD services, equipment, training, etc., for the new terminal	Contractual Services, Maintenance, Equipment, Training, Misc	$ 0	$ 0	$1,158,829
Information Technology - IT staff and maintenance for the new terminal IT needs	Personnel, Maintenance	0	145,000	906,170
Maintenance – Maintenance staff, utilities and services for the new terminal	Personnel, Contractual Services, Utilities, Maintenance	56,000	868,000	1,316,000
Cleaning Services – Cleaning services for the new terminal	Contractual Services, Temporary Staffing	0	230,000	1,000,000
	Subtotal	**$ 56,000**	**$ 1,243,000**	**$4,380,999**
Landside				
Traffic Control – Traffic Officers and related expenses for the new terminal	Personnel, Equipment, & Misc.	$0	$0	$410,887
Maintenance - Maintenance, staff, utilities and services for landside updates	Personnel, Contractual Services, Utilities, Maintenance	25,000	387,500	587,500
	Subtotal	**$ 25,000**	**$ 387,500**	**$998,387**
Administrative				
Maintenance - Maintenance, staff, utilities and services support	Personnel, Contractual Services, Utilities, Maintenance	$3,000	$46,500	$70,500
	Subtotal	**$ 3,000**	**$ 46,500**	**$70,500**
	Grand Total	**$100,000**	**$ 2,037,439**	**$6,286,386**

Performance Indicators

The following performance indicators are a selection of the various operational and financial metrics that the Authority monitors during the course of the year.

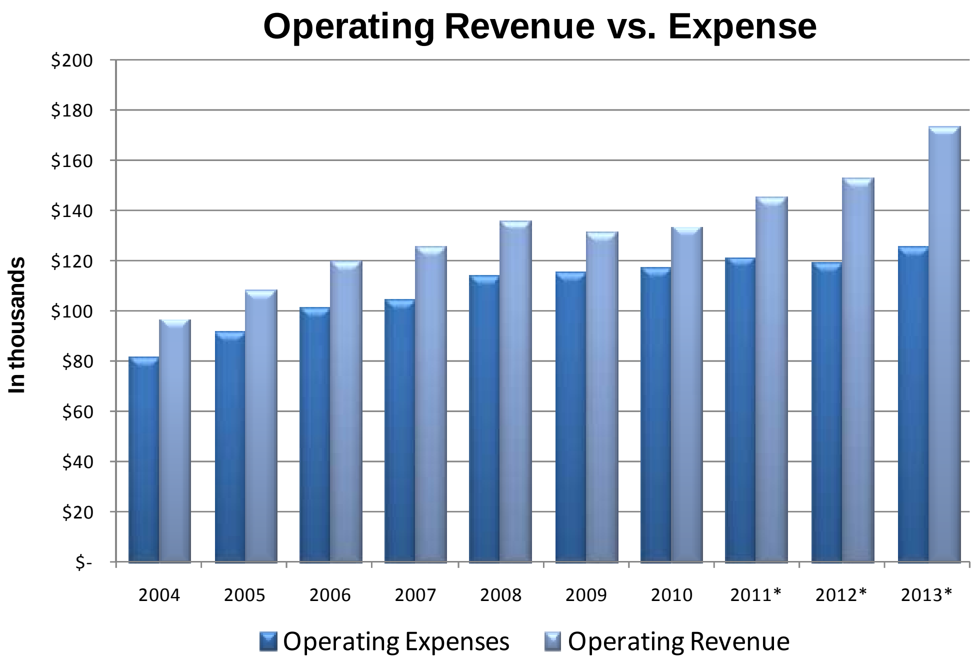
Operating Ratio

This is a measure of operating efficiency that compares operating expense to operating revenue. Operating revenue must exceed operating expenses to provide a financial cushion and cover debt service expenses.

Fiscal Years ended June 30, 2004 to 2013

Fiscal Year	Operating Expenses	Operating Revenue	Operating Ratio	% Change
2004	$81,633	$96,572	0.85	-1.3%
2005	91,369	108,123	0.85	0.0%
2006	101,356	119,495	0.85	0.4%
2007	104,551	125,367	0.83	-1.7%
2008	113,985	135,682	0.84	0.7%
2009	115,278	130,977	0.88	4.8%
2010	117,288	133,695	0.88	-0.3%
2011*	121,649	144,883	0.84	-4.3%
2012*	119,034	152,600	0.78	-7.1%
2013*	125,097	173,411	0.72	-7.5%

(1) In thousands



* Budgeted FY 2011, FY 2012, & FY 2013

Figure 46 – Operating Ratio

Source: San Diego County Regional Airport Authority. Information presented reflects those years that the Authority was in operation.

Operating Revenue per Enplanement

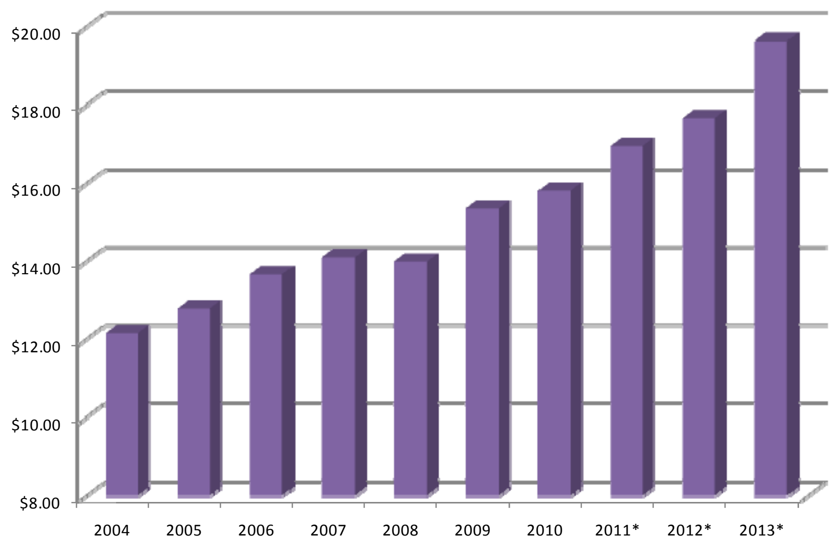
This is a measure of airline and non-airline derived operating revenues per enplaned passenger.

Fiscal Years ended June 30, 2004 to 2013

Fiscal Year	Operating Revenue [1]	Enplaned Passengers [1]	Operating Revenue per Enplanement	% Change
2004	$96,572	7,947	$12.15	6.9%
2005	108,123	8,449	12.80	5.3%
2006	119,495	8,750	13.66	6.7%
2007	125,367	8,892	14.10	3.2%
2008	131,320	9,389	13.99	-0.8%
2009	130,977	8,536	15.34	9.7%
2010	133,695	8,454	15.81	3.1%
2011*	144,883	8,550**	16.95	7.2%
2012*	152,600	8,636	17.67	4.3%
2013*	173,411	8,830	19.64	11.1%

(1) In thousands

Operating Revenue per Enplaned Passenger



* Budgeted FY 2011, FY 2012, & FY 2013
** Projected

Figure 47 – Operating Revenue per Enplaned Passenger

Source: San Diego County Regional Airport Authority. Information presented reflects those years that the Authority was in operation.

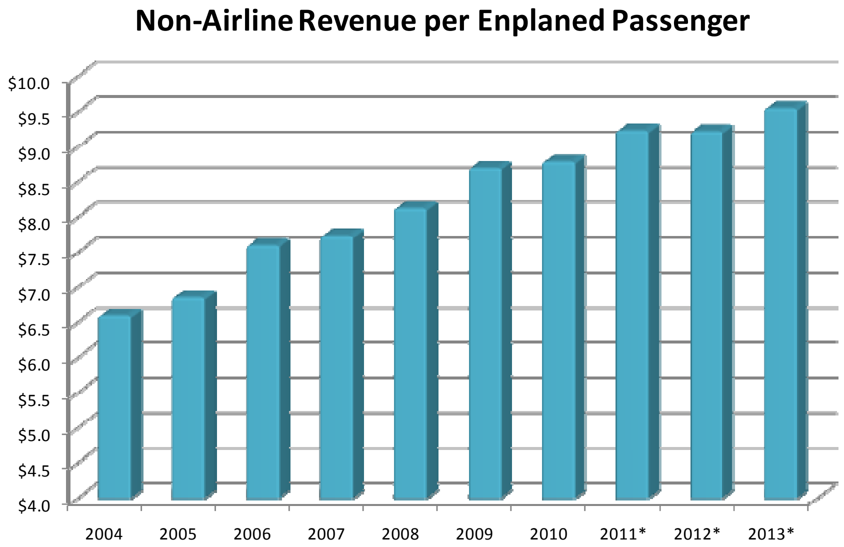
Non-Airline Revenue per Enplanement

This is a measure of non-airline derived operating revenues per enplaned passenger. This includes terminal concessions, parking, rental car, and ground rental revenues divided by enplanement.

Fiscal Years ended June 30, 2004 to 2013

Fiscal Year	Non-Airline Revenue [1]	Enplaned Passengers [1]	Non-Airline Revenue per Enplanement	% Change
2004	$52,375	7,947	$6.59	6.1%
2005	57,918	8,449	6.86	4.0%
2006	66,489	8,750	7.60	10.8%
2007	68,667	8,892	7.72	1.6%
2008	76,227	9,389	8.12	5.1%
2009	74,241	8,536	8.70	7.1%
2010	74,297	8,454	8.79	1.0%
2011*	78,870	8,550 **	9.22	5.0%
2012*	79,555	8,636	9.21	-0.1%
2013*	84,317	8,830	9.55	3.7%

[1] In thousands



* Budgeted FY 2011, FY 2012, & FY 2013
** Projected

Figure 48 – Non-Airline Revenue per Enplanement

Source: San Diego County Regional Airport Authority. Information presented reflects those years that the Authority was in operation.

The increase in FY 2011 is primarily driven by increased parking/ground transportation revenues resulting from longer duration for long-term parking transactions and increased parking rates.

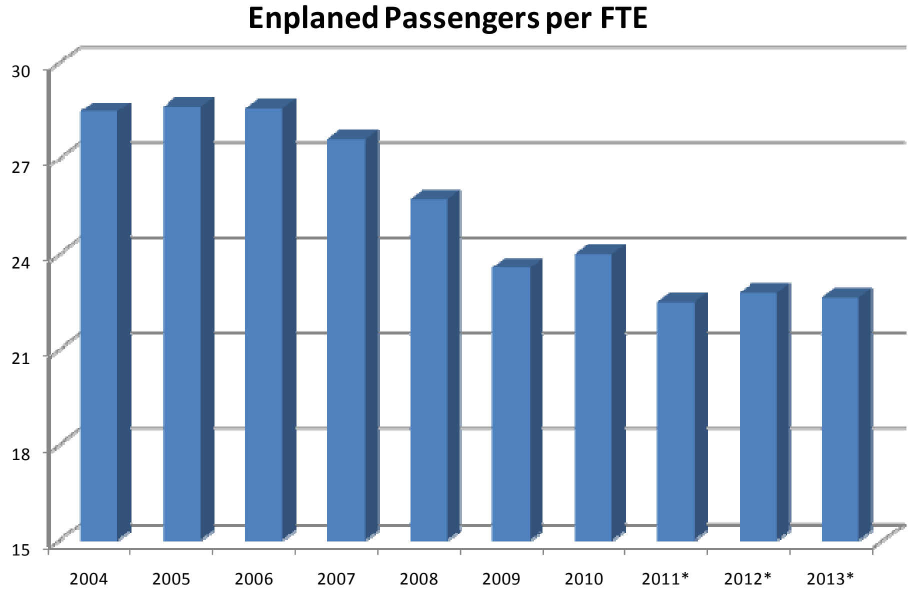
Enplaned Passengers per FTEs

This divides the full time equivalent employees by enplaned passengers and measures the airport's staffing productivity level.

Fiscal Years ended June 30, 2004 to 2013

Fiscal Year	Enplaned Passengers per FTEs	FTEs	Enplaned[1] Passengers
2004	28	279	7,947
2005	29	295	8,449
2006	29	306	8,750
2007	28	322	8,892
2008	26	365	9,389
2009	24	362	8,536
2010	24	352	8,454
2011*	22	380	8,550
2012*	23	379	8,636
2013*	23	390	8,830

(1) In thousands



* Authorized and Funded FY 2011, FY 2012, & FY 2013

Figure 49 - Enplaned Passengers per FTEs

Source: San Diego County Regional Airport Authority. Information presented reflects those years that the Authority was in operation.

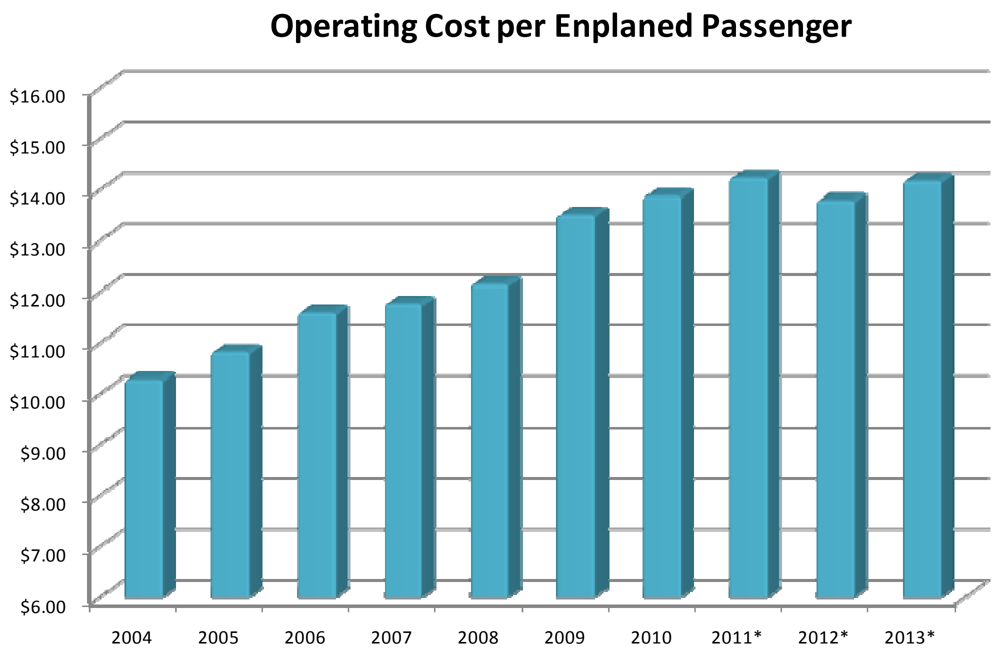
Operating Cost per Enplanement

This divides operating costs by enplanement and measures the Authority's relative operating efficiency.

Fiscal Years ended June 30, 2004 to 2013

Fiscal Year	Operating Costs (1)	Enplaned Passengers (1)	Operating Cost per Enplanement	% Change
2004	$81,633	7,947	$10.27	5.4%
2005	91,369	8,449	10.81	5.3%
2006	101,356	8,750	11.58	7.1%
2007	104,551	8,892	11.76	1.5%
2008	113,985	9,389	12.14	3.2%
2009	115,278	8,536	13.51	11.2%
2010	117,288	8,454	13.87	2.7%
2011*	121,649	8,550 **	14.23	2.6%
2012*	119,034	8,636	13.78	-3.1%
2013*	125,097	8,830	14.17	2.8%

(1) In thousands



* Budgeted FY 2011, FY 2012, & FY 2013
** Projected

Figure 50 – Operating Cost per Enplanement

Source: San Diego County Regional Airport Authority. Information presented reflects those years that the Authority was in operation.

Days Cash on Hand

Recognizing the inherently volatile nature of the aviation industry, the Authority will maintain prudent unrestricted reserves as a backstop to be able to fund its obligations if unforeseen events occur. The Authority's unrestricted reserves target (defined as the sum of unrestricted cash and investments, unrestricted cash designated for capital projects, unrestricted long–term investments, the O&M Reserve, and the O&M Subaccount Reserve and the Renewal and Replacement Reserve) shall be at least 365 days of budgeted operating and maintenance expenses for the current fiscal year.

Days Cash on Hand Compared to Board Approved Target

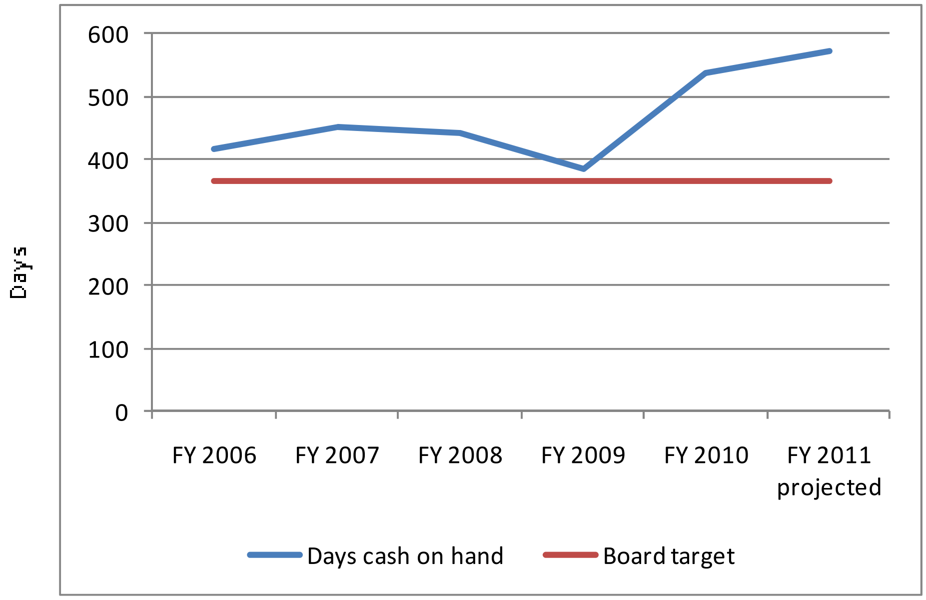


Figure 51 – Days Cash on Hand

Source: San Diego County Regional Airport Authority. Information presented reflects those years with full year's audited financial statements.

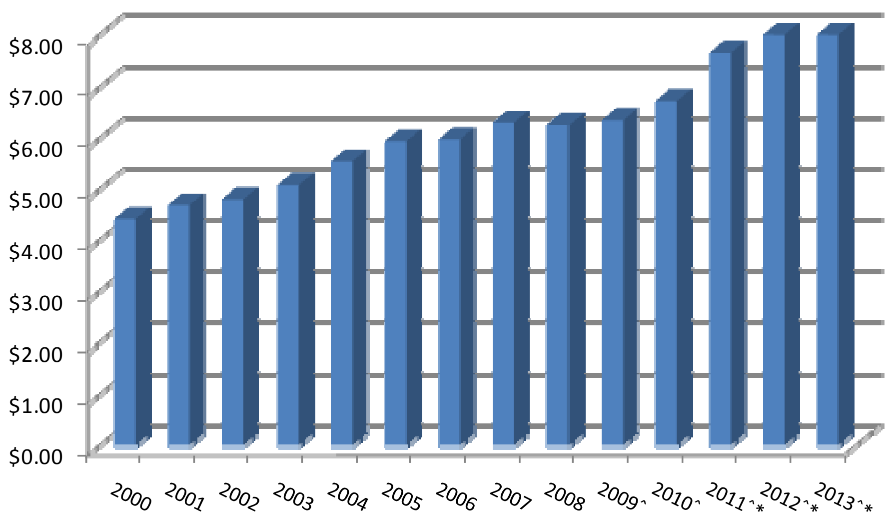
Airline Cost per Enplaned Passenger

Airline Cost per Enplaned Passenger is the total annual cost of fees and charges paid by the airlines divided by the total fiscal year enplanements.

Fiscal Years ended June 30, 2004 to 2013

Fiscal Year	Enplaned Passengers	Cost per Enplaned Passenger
2000	7,768,050	$4.42
2001	8,004,178	$4.69
2002	7,299,511	$4.80
2003	7,505,705	$5.08
2004	7,947,440	$5.55
2005	8,449,107	$5.94
2006	8,749,734	$5.98
2007	8,892,069	$6.31
2008	9,389,327	$6.26
2009ˆ	8,535,774	$6.36
2010ˆ	8,453,886	$6.73
2011ˆ*	8,549,592	$7.61
2012ˆ*	8,636,000	$8.32
2013ˆ*	8,830,000	$9.93

Cost per Enplaned Passenger



*Projected FY 2011 and Budgeted FY 2012 & FY 2013.

ˆFuel farm cost recovery and fuel franchise fees are excluded from the calculation in FY 2009 – FY 2013 per Airline Operating Agreement methodology

Figure 52– Airline Cost per Enplaned Passenger

Source: San Diego Unified Port District (for Fiscal Years 2000-2002 and the first six months of Fiscal Year 2003) and SDCRAA.

Airline Cost per Enplaned Passenger by Airport

Airline Cost per Enplaned Passenger is the total annual cost of fees and charges paid by the airlines divided by the total enplanements. This graph shows how SDIA compares to other large airports.

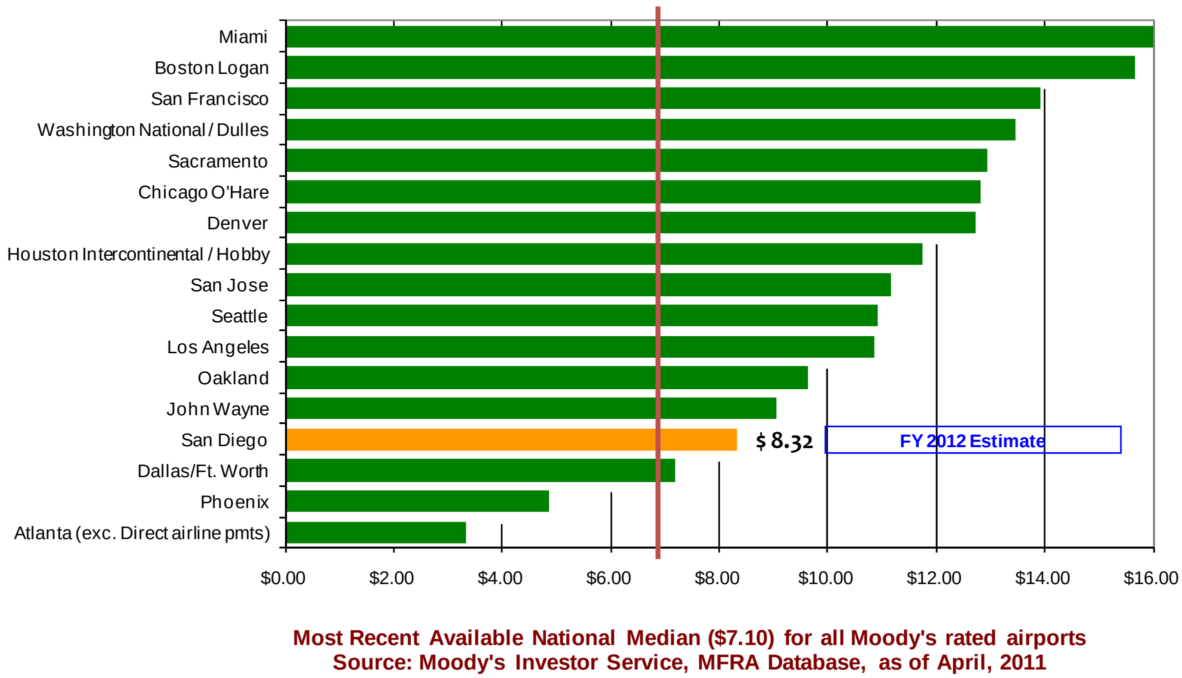


Figure 53 – Airline Cost per Enplaned Passenger by Airport

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.

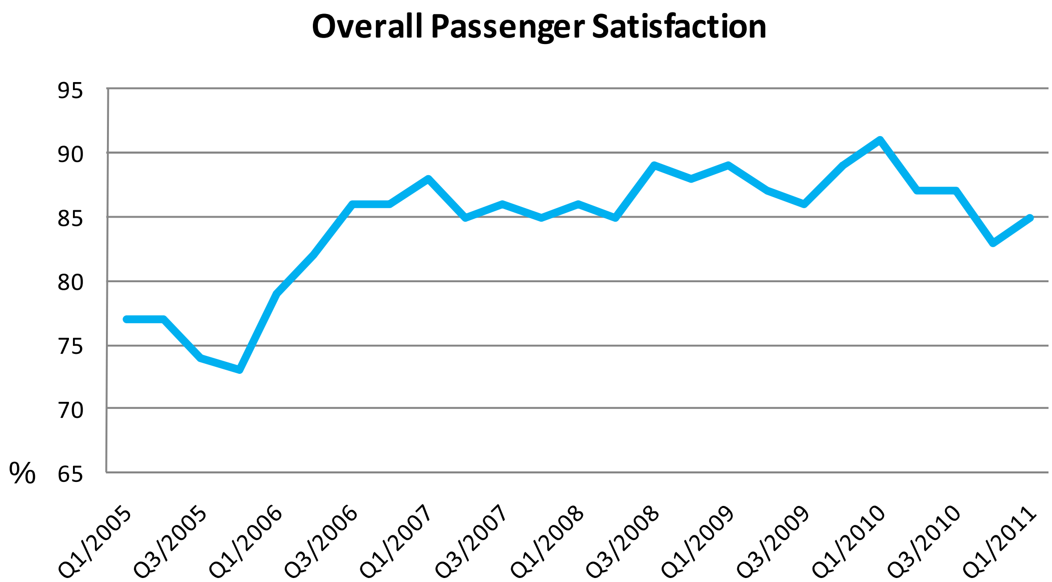


Figure 54 – Passenger Satisfaction Rating

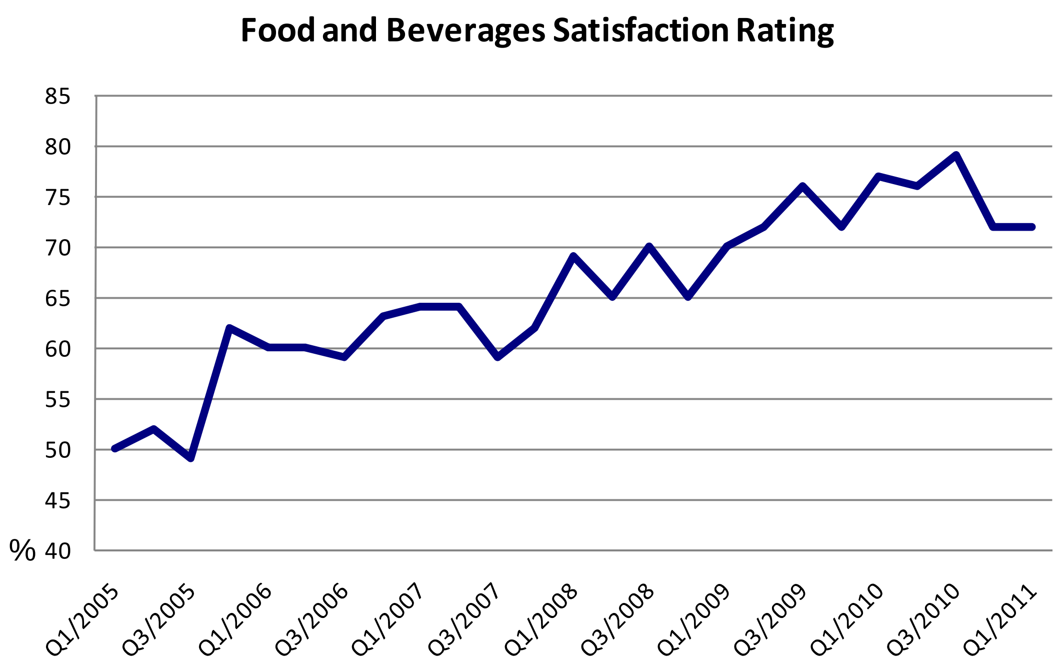


Figure 55 – Food and Beverage Satisfaction Rating

Passenger Satisfaction Rating (cont.)

Figure 56 – Baggage Delivery Rating

Figure 57 – Terminal Facilities Satisfaction Rating

Passenger Satisfaction Rating (cont.)

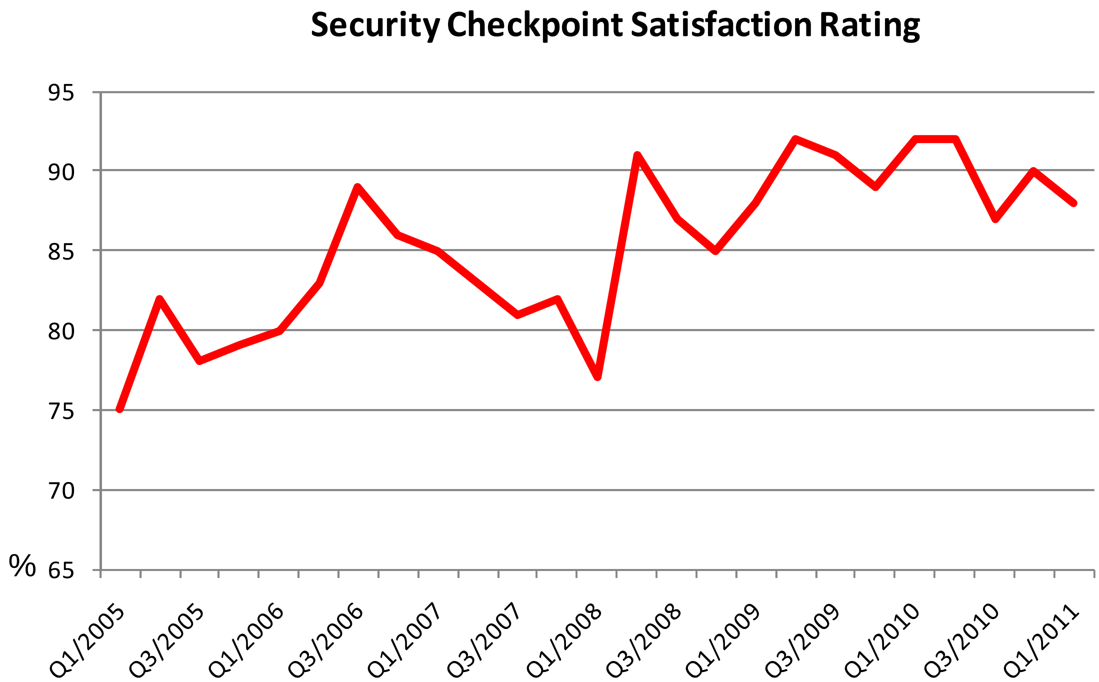


Figure 58 – Security Checkpoint Satisfaction Rating

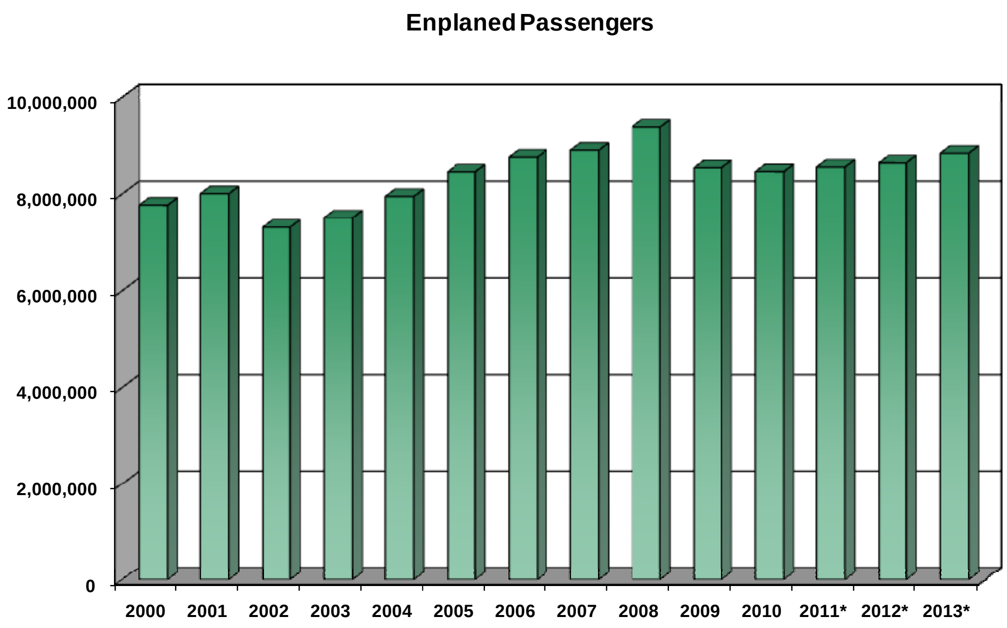
Figure 59 – Retail Rating

Supplemental Data

Supplemental Data
Annual Enplaned Passengers

Fiscal years ended June 30, 2000 to 2013

Fiscal Year	Enplaned Passengers	% Change
2000	7,768,050	2.8%
2001	8,004,178	3.0%
2002	7,299,511	-8.8%
2003	7,505,705	2.8%
2004	7,947,440	5.9%
2005	8,449,107	6.3%
2006	8,749,734	3.6%
2007	8,892,069	1.6%
2008	9,389,327	5.6%
2009	8,535,774	-9.1%
2010	8,453,886	-1.0%
2011*	8,549,592	1.1%
2012*	8,636,000	1.0%
2013*	8,830,000	2.2%



*Projected FY 2011 and Budgeted FY 2012 & FY 2013.

Figure 60 – Annual Enplaned Passengers

Source: San Diego Unified Port District (for Fiscal Years 2000-2002 and the first six months of Fiscal Year 2003) and SDCRAA.

Enplaned Passengers – Fiscal Year 2012 enplaned passengers at SDIA are projected to be 8.64 million, or 1.0% higher than the FY 2011 projections of 8.55 million. The estimated increase is based on a slow economic recovery and the ongoing financial challenges faced by the airline industry reflecting the economy's projected impact on routes and travel habits. FY 2013 growth is a more robust 2.2%.

Airline Market Share FY 2003 – FY 2010

Air Carrier	2003 Enplane-ments	Share	2004 Enplane-ments	Share	2005 Enplane-ments	Share	2006 Enplane-ments	Share	2007 Enplane-ments	Share	2008 Enplane-ments	Share	2009 Enplane-ments	Share	2010 Enplane-ments	Share
Aeromexico	43,154	0.6%	47,533	0.6%	49,488	0.6%	58,969	0.7%	39,518	0.4%	32,223	0.3%	27,772	0.3%	24,335	0.3%
Air Canada	–	–	–	–	–	–	–	–	55,398	0.6%	55,031	0.6%	27,255	0.3%	46,959	0.6%
AirTran Airways	–	–	–	–	–	–	–	–	7,983	0.1%	97,937	1.0%	66,475	0.8%	37,530	0.4%
Alaska Airlines	419,644	5.6%	439,430	5.5%	476,395	5.6%	492,891	5.6%	536,784	6.0%	498,169	5.3%	428,515	5.0%	435,722	5.2%
Aloha Airlines	–	–	–	–	29,051	0.3%	41,882	0.5%	38,418	0.4%	33,620	0.4%	–	0.0%	—	0.0%
America West	369,279	4.9%	450,256	5.7%	466,615	5.5%	451,904	5.2%	374,072	4.2%	78,298	0.8%	–	0.0%	—	0.0%
American Airlines	860,889	11.5%	831,823	10.5%	879,144	10.4%	968,832	11.1%	873,624	9.8%	808,790	8.6%	735,067	8.6%	704,909	8.3%
British Airways	59,937	0.8%	16,756	0.2%	–	–	–	–	–	–	–	–	–	0.0%	—	0.0%
Continental Airlines	319,737	4.3%	354,114	4.5%	401,803	4.8%	454,699	5.2%	503,189	5.7%	520,856	5.5%	503,242	5.9%	507,443	6.0%
Delta Airlines	711,123	9.5%	674,570	8.5%	713,872	8.4%	666,101	7.6%	633,772	7.1%	687,104	7.3%	618,127	7.2%	900,510	10.7%
Frontier Airlines	99,325	1.3%	140,846	1.8%	152,917	1.8%	171,544	2.0%	196,598	2.2%	231,926	2.5%	203,689	2.4%	196,628	2.3%
Hawaiian Airlines	81,393	1.1%	101,847	1.3%	108,798	1.3%	112,410	1.3%	154,932	1.7%	160,939	1.7%	100,626	1.2%	90,874	1.1%
JetBlue Airlines	706	0.0%	119,517	1.5%	118,762	1.4%	161,594	1.8%	151,984	1.7%	224,205	2.4%	235,199	2.8%	167,031	2.0%
Midwest Airlines	–	–	–	–	–	–	18,688	0.2%	34,551	0.4%	42,763	0.5%	8,380	0.1%	—	0.0%
Northwest Airlines	303,878	4.0%	310,795	3.9%	319,790	3.8%	292,393	3.3%	286,952	3.2%	295,724	3.1%	272,684	3.2%	—	0.0%
Southwest Airlines	2,613,353	34.8%	2,741,470	34.5%	2,866,405	33.9%	2,979,763	34.1%	3,106,431	34.9%	3,306,386	35.2%	3,122,090	36.6%	3,183,084	37.7%
Sun Country Airlines	12,864	0.2%	21,515	0.3%	27,339	0.3%	41,091	0.5%	45,931	0.5%	44,454	0.5%	35,885	0.4%	24,984	0.3%
United Airlines	890,984	11.9%	939,722	11.8%	982,535	11.6%	989,744	11.3%	990,725	11.1%	978,816	10.4%	927,023	10.9%	920,960	10.9%
US Airways	237,094	3.2%	241,167	3.0%	251,629	3.0%	212,622	2.4%	300,568	3.4%	552,751	5.9%	563,392	6.6%	512,558	6.1%
Virgin America	–	–	–	–	–	–	–	–	–	–	57,292	0.6%	155,649	1.8%	151,110	1.8%
Other	24,555	0.3%	–	–	8,439	0.1%	27,329	0.3%	8,128	0.1%	47,257	0.5%	25,457	0.3%	51,541	0.6%
Total Air Carrier	7,047,915	93.9%	7,431,361	93.5%	7,852,982	92.9%	8,142,456	93.1%	8,339,558	93.8%	8,754,541	93.2%	8,056,527	94.4%	7,956,178	94.1%
Commuter																
American Eagle	216,014	2.9%	276,485	3.5%	288,843	3.4%	287,136	3.3%	275,087	3.1%	238,147	2.5%	232,289	2.7%	207,272	2.5%
Express Jet Airlines	–	–	–	–	–	–	–	–	17,603	0.2%	202,429	2.2%	36,034	7.5%	—	0.0%
Mesa Airlines	51,090	0.7%	42,235	0.5%	114,010	1.3%	117,330	1.3%	42,219	0.5%	17,098	0.2%	7,381	0.1%	18,670	0.2%
Skywest Airlines	182,545	2.4%	197,359	2.5%	193,272	2.3%	202,812	2.3%	—	0.0%	—	0.0%	—	0.0%	—	0.0%
Skywest- Delta Connection	–	–	–	–	–	–	–	–	55,646	0.6%	36,610	0.4%	66,783	0.8%	93,380	1.1%
Skywest- United Express	–	–	–	–	–	–	–	–	161,956	1.8%	140,502	1.5%	136,760	1.6%	178,386	2.1%
Other	8,141	0.1%	—	0.0%	—	0.0%	—	0.0%	—	0.0%	—	0.0%	—	0.0%	—	0.0%
Total Commuter	457,790	6.1%	516,079	6.5%	596,125	7.1%	607,278	6.9%	552,511	6.2%	634,786	6.8%	479,247	5.6%	497,708	5.9%
Total Enplanements	7,505,705	100%	7,947,440	100%	8,449,107	100.0%	8,749,734	100%	8,892,069	100%	9,389,327	100%	8,535,774	100%	8,453,886	100%

Figure 61 – 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 83% of the enplaned passengers. Information presented reflects those years that the Authority was in operation.

Aircraft Landed Weight

Fiscal Years ended June 30, 2000 to 2013

Fiscal Year	Aircraft Landed Weight (lbs)	% Change
2000	11,106,313	1.8%
2001	11,275,236	1.5%
2002	10,626,416	-5.8%
2003	10,841,140	2.0%
2004	10,748,648	-0.9%
2005	11,200,204	4.2%
2006	11,604,873	3.6%
2007	11,773,957	1.5%
2008	12,501,491	6.2%
2009	11,496,758	-8.0%
2010	10,892,867	-5.3%
2011*	10,568,978	-3.0%
2012*	10,657,839	0.8%
2013*	10,897,258	2.2%

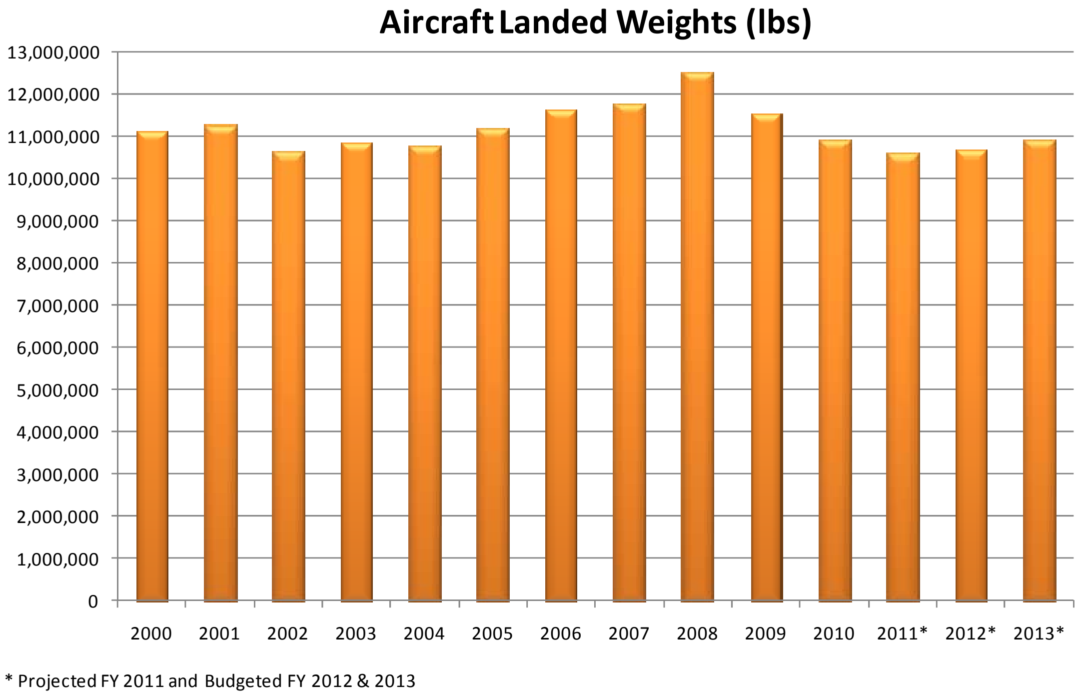


Figure 62 – Aircraft Landed Weight

Source: San Diego Unified Port District (for Fiscal Years 2000-2002 and the first six months of Fiscal Year 2003) and SDCRAA.

Landed weight refers to the maximum gross certificated landed weight in one thousand pound units, as stated in the airline flight operations manual. Landed weight is used to calculate landing fees for both airline and general aviation aircraft operated at the Airport. In FY 2012, landed weight is estimated to slightly increase (0.8%) over FY 2011 projections reflecting a slow economic recovery and the ongoing financial challenges faced by the airline industry.

Aircraft Landed Weight

Aircraft Landed Weight (Thousand pounds)
Top 15 Ranked on Fiscal Year 2009 Results

Airline	2003	% of Total	2004	% of Total	2005	% of Total	2006	% of Total	2007	% of Total	2008	% of Total	2009	% of Total	2010	% of Total
1. Southwest Airlines	3,286,030	30.3%	3,418,786	31.8%	3,570,052	31.9%	3,768,374	32.5%	3,956,170	33.6%	4,416,996	35.3%	4,415,780	38.4%	4,068,974	37.4%
2. United Airlines	1,234,404	11.4%	1,192,898	11.1%	1,278,347	11.4%	1,269,465	10.9%	1,270,371	10.8%	1,222,906	9.8%	1,148,637	10.0%	1,147,560	10.5%
3. Delta Airlines	1,051,990	9.7%	963,140	9.0%	927,763	8.3%	850,348	7.3%	798,104	6.8%	839,172	6.7%	713,622	6.2%	893,467	8.2%
4. American Airlines	1,231,431	11.4%	1,045,382	9.7%	1,009,498	9.0%	1,089,872	9.4%	961,143	8.2%	890,796	7.1%	848,513	7.4%	766,151	7.0%
5. US Airways	307,783	2.8%	307,919	2.9%	298,983	2.7%	250,303	2.2%	391,358	3.3%	713,030	5.7%	684,354	6.0%	626,510	5.8%
6. Continental Airlines	423,145	3.9%	441,702	4.1%	454,189	4.1%	497,929	4.3%	533,322	4.5%	538,786	4.3%	521,842	4.5%	514,981	4.7%
7. Alaska Airlines	568,499	5.2%	574,698	5.3%	605,435	5.4%	616,552	5.3%	668,390	5.7%	612,282	4.9%	536,281	4.7%	511,813	4.7%
8. Federal Express	341,374	3.1%	343,931	3.2%	384,702	3.4%	445,744	3.8%	456,152	3.9%	447,636	3.6%	402,665	3.5%	400,303	3.7%
9. Skywest Airlines	233,991	2.2%	239,521	2.2%	247,215	2.2%	251,902	2.2%	246,559	2.1%	195,777	1.6%	219,416	1.9%	332,408	3.1%
10. American Eagle	271,184	2.5%	341,205	3.2%	335,439	3.0%	338,424	2.9%	321,712	2.7%	280,234	2.2%	280,413	2.4%	254,122	2.3%
11. Frontier Airlines	127,679	1.2%	176,080	1.6%	194,758	1.7%	246,749	2.1%	283,898	2.4%	287,387	2.3%	237,269	2.1%	227,847	2.1%
12. Virgin America	-	-	-	-	-	-	-	-	-	-	3,122	0.02%	221,333	1.9%	205,348	1.9%
13. JetBlue Airlines	--	--	144,191	1.3%	123,145	1.1%	174,337	1.5%	175,333	1.5%	288,239	2.3%	297,340	2.6%	201,071	1.8%
14. Northwest Airlines	385,725	3.6%	352,928	3.3%	363,268	3.2%	315,608	2.7%	326,140	2.8%	334,692	2.7%	294,147	2.6%	153,829	1.4%
15. Hawaiian Airlines	117,934	1.1%	135,040	1.3%	145,920	1.3%	145,920	1.3%	211,840	1.8%	235,200	1.9%	137,145	1.2%	121,600	1.1%
Subtotal	**9,581,169**	**88.4%**	**9,677,421**	**90.0%**	**9,938,714**	**88.7%**	**10,261,526**	**88.4%**	**10,600,491**	**90.0%**	**11,306,255**	**90.4%**	**10,958,756**	**95.3%**	**10,425,983**	**95.7%**
All Others	1,259,971	11.6%	1,071,227	10.0%	1,261,490	11.3%	1,343,347	11.6%	1,173,466	10.0%	1,195,236	9.6%	538,002	4.7%	466,884	4.3%
TOTAL	**10,841,140**	**100.0%**	**10,748,648**	**100.0%**	**11,200,204**	**100.0%**	**11,604,873**	**100.0%**	**11,773,957**	**100.0%**	**12,501,491**	**100.0%**	**11,496,758**	**100.0%**	**10,892,867**	**100.0%**
Annual % Change	2.0%		-0.9%		4.2%		3.6%		1.5%		6.2%		-8.0%		-5.3%	

Figure 63 – Top 15 Ranked by Aircraft Landed Weight

Source: San Diego Unified Port District (for the first six months of Fiscal Year 2003) and SDCRAA.

Landed weight is the maximum gross certificated landed weight in one thousand pound units as stated in the airlines' flight operational manual.

Landed weight is used to calculate landing fees for both airline and general aviation aircraft operated at SDIA.

Information presented reflects those years that the Authority was in operation.

Landing Fees

Fiscal Years Ended June 30, 2000 to 2013

Fiscal Year	Landing Fees Per 1,000 lbs.	% Change
2000	$1.50	18.1%
2001	1.56	4.0%
2002	1.62	3.8%
2003	2.13	31.5%
2004	2.21	3.8%
2005	2.02	-8.6%
2006	1.92	-5.0%
2007	2.04	6.2%
2008	1.98	-2.9%
2009	1.62	-18.0%
2010	1.71	5.5%
2011*	1.84	7.4%
2012*	1.89	2.8%
2013*	1.95	3.2%

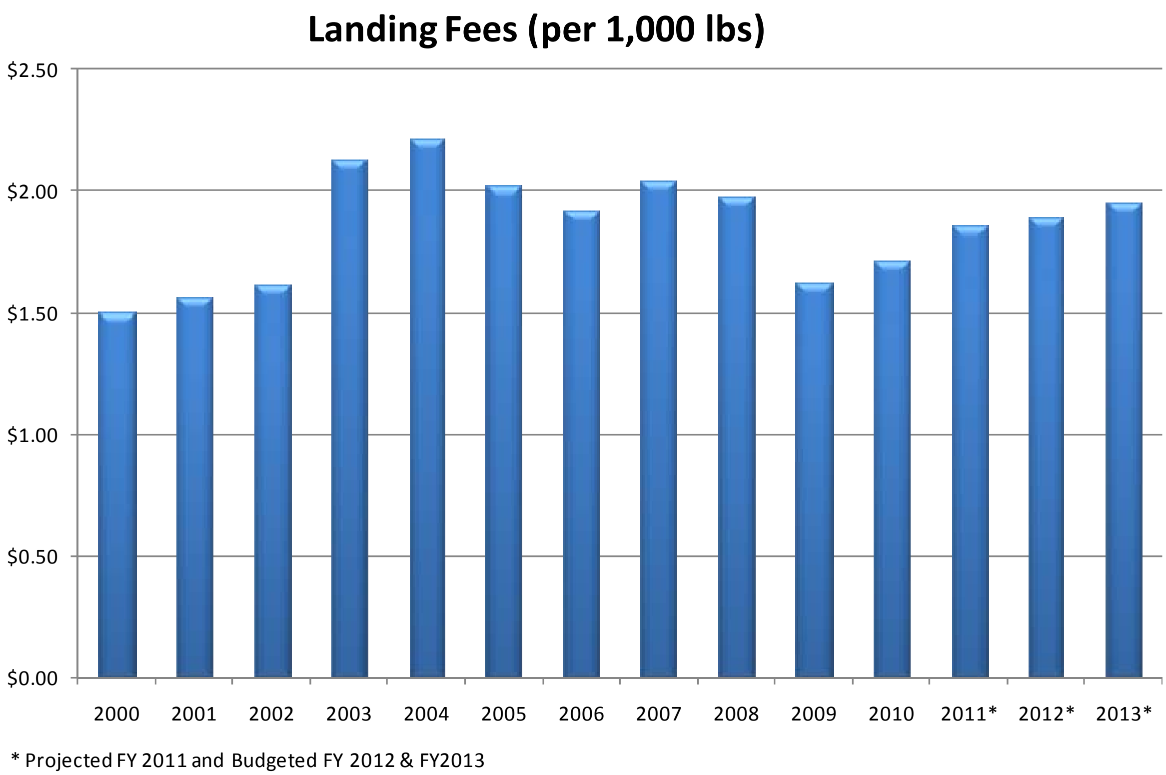


Figure 64 – Landing Fees

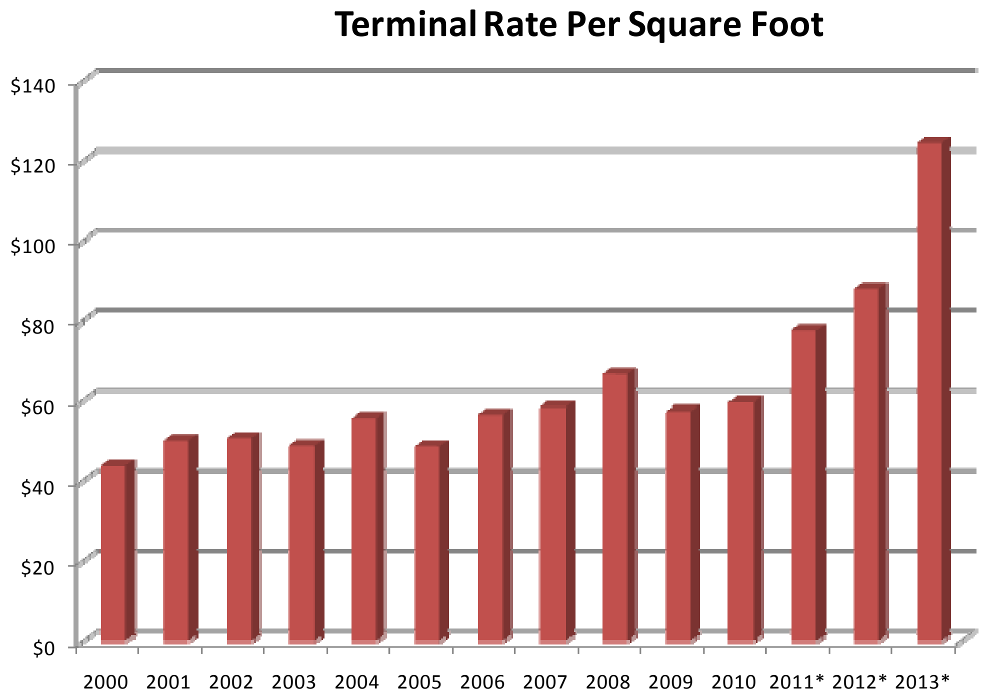
Source: San Diego Unified Port District (for Fiscal Years 2000-2002 and the first six months of Fiscal Year 2003) and SDCRAA.

Landing fees are revenues from passenger and cargo airlines for commercial landings at the airport. Beginning with FY 2005, the Security Surcharge was excluded from the Landing Fee and charged separately, and beginning with FY 2009, Aircraft parking was excluded from Landing Fees and charged separately.

Terminal Rates Billed to Airlines

Fiscal Years Ended June 30, 2000 to 2013

Fiscal Year	Terminal Rates Per Square Foot **	% Change
2000	$43.74	-0.7%
2001	50.12	14.6%
2002	50.67	1.1%
2003	48.81	-3.7%
2004	55.75	14.2%
2005	48.62	-12.8%
2006	56.62	16.5%
2007	58.39	3.1%
2008	66.67	14.2%
2009	57.38	-13.9%
2010	59.53	3.7%
2011*	76.29	28.2%
2012*	87.86	15.2%
2013*	124.15	41.3%



* Projected FY 2011 and Budgeted FY 2012 and FY 2013
** Net of janitorial credit

Figure 65 – Terminal Rates

Source: San Diego Unified Port District (for Fiscal Years 2000-2002 and the first six months of Fiscal Year 2003) and SDCRAA.

Terminal Rates are rates billed to airlines for the rent of terminal space per square foot. Beginning with FY 2005, the Security Surcharge was excluded from Terminal Rates and charged separately.

Aircraft Operations (Takeoffs and Landings)

Fiscal Year	Air Carriers	Air Commuters	Total	Civil	Military	Total
2000	152,582	43,070	195,652	16,916	723	213,291
2001	152,180	44,850	197,030	14,694	968	212,692
2002	143,615	40,163	183,778	14,139	1,622	199,539
2003	143,283	47,802	191,085	14,415	1,229	206,729
2004	144,156	46,418	190,574	15,080	1,761	207,415
2005	148,975	51,377	200,352	17,069	1,094	218,515
2006	154,092	54,156	208,248	17,383	1,121	226,752
2007	157,198	50,068	207,266	17,195	983	225,444
2008	167,753	55,373	223,126	16,123	1,040	240,289
2009	155,766	39,122	194,888	12,721	1,174	208,783
2010	149,718	32,100	181,818	11,674	1,017	194,509

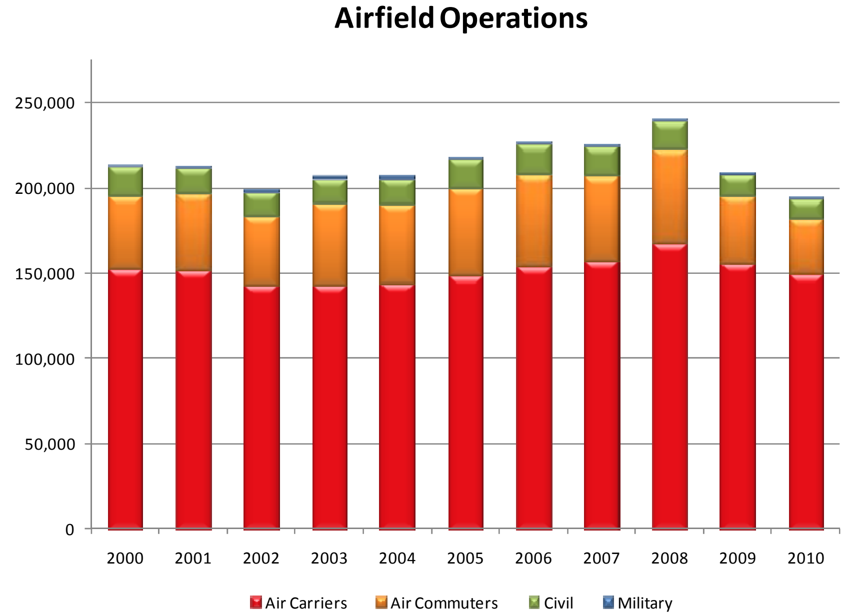


Figure 66 – Airfield Operations

Source: San Diego Unified Port District (for Fiscal Years 2000-2002 and the first six months of Fiscal Year 2003) and SDCRAA.

Aircraft operations are the takeoffs and landings at SDIA, which represent the level of demand. They represent the level of demand for air service by the airlines operating at SDIA.

Authority Largest Sources of Revenues

Tenant	2004	2005	2006	2007	2008	2009	2010	% of Total Operating Revenue
Southwest Airlines	$ 10,692,447	$ 12,767,378	$ 13,464,404	$ 15,624,767	$ 16,920,722	$ 17,658,629	$ 19,428,103	14.5%
Host International	7,106,523	8,038,435	9,147,356	9,808,385	10,875,857	9,883,713	9,907,860	7.4%
United Airlines	4,989,506	5,877,927	5,717,234	6,623,373	6,522,426	6,344,127	7,905,284	5.9%
Hertz Rent-A-Car	4,901,573	5,316,755	5,979,512	6,728,751	6,860,949	5,816,230	5,861,737	4.4%
American Airlines	7,772,143	8,472,274	10,191,557	8,303,616	7,750,147	5,543,732	7,693,564	5.8%
Avis Budget Rent-A-Car Group	3,103,562	4,966,532	6,002,357	4,465,182	6,193,565	5,505,770	3,378,607	2.5%
Delta Airlines	4,774,243	5,010,848	4,876,095	5,347,415	5,168,634	4,647,333	6,663,671	5.0%
US Airways	699,542	672,643	571,874	1,714,362	4,048,246	3,478,789	3,756,383	2.8%
Continental Airlines	1,849,721	2,123,291	2,364,096	2,995,689	3,314,090	3,026,644	3,502,608	2.6%
Alaska Airlines	2,027,193	2,400,679	2,464,162	2,843,993	2,800,385	2,754,173	2,951,554	2.2%

Figure 67 – Authority Largest Sources of Revenues

Source: San Diego County Regional Airport Authority, CAFR 2010

Information presented reflects those years that the Authority was in operation.

Population & Economic Metrics
San Diego County (CY 2000-2010)

Calendar Year	Estimated Population [1]	% Change	Per Capita Personal Income [2]	% Change	Labor Force [2]
2000	2,813,833	1.5%	32,789	8.5%	1,376,008
2001	2,865,208	1.8%	33,801	3.0%	1,409,726
2002	2,922,758	2.0%	34,612	2.3%	1,450,497
2003	2,975,082	1.8%	35,676	3.0%	1,468,198
2004	3,011,770	1.2%	38,452	7.2%	1,490,781
2005	3,038,074	0.9%	40,383	4.8%	1,505,892
2006	3,065,077	0.9%	42,801	5.6%	1,520,474
2007	3,100,132	1.1%	45,911	6.8%	1,542,445
2008	3,131,552	1.0%	46,649	1.6%	1,548,700
2009	3,173,407	1.3%	42,325	-10.2%	1,554,100
2010	3,091,579	-2.6%	43,104	1.8%	1,558,200

Figure 68 – Population Metrics

Sources:

[1] *California Department of Finance, E-1 Population Estimates for Cities, Counties and the State, January 1st of the calendar years shown*

[2] *U.S. Department of Commerce, Bureau of Economic Analysis, Regional Economic Accounts, Local Area Personal Income*

Households & Income

Households	2000	2010	2000-2010 Change
Number of Households	450691	518063	13.0%
Median Household Income	47360	44772	-5.8%

Income Distribution	2000	2010	2000-2010 Change
Less than $15,000	12.5%	14.0%	10.7%
$15,000 - 29,999	18.0%	19.0%	5.3%
$30,000 - 44,999	17.3%	18.0%	3.9%
$45,000 - 59,999	13.9%	14.0%	0.7%
$60,000 - 74,999	11.0%	11.0%	0.0%
$75,000 - 99,999	11.5%	11.0%	-4.5%
$100,000 - 124,000	6.6%	6.0%	-10.0%
$125,000 - 149,999	3.3%	3.0%	-10.0%
$150,000 - 199,999	2.9%	2.0%	-45.0%
$200,000 or more	3.0%	3.0%	0.0%

Figure 69 – Household and Incomes

Source: San Diego Association of Governments, 2010 (Income in real 1999 dollars, adjusted for inflation).

Note: Percentages may not add to 100% due to rounding.

Labor Force, Employment, Unemployment Rate

San Diego County

FY 2011	Labor Force	Employment	Unemployment	Unemployment Rate
July	1,580,400	1,408,900	171,400	10.80%
August	1,574,400	1,407,200	167,200	10.60%
September	1,569,000	1,401,900	167,100	10.60%
October	1,566,700	1,406,200	160,500	10.20%
November	1,567,700	1,404,300	163,400	10.40%
December	1,559,300	1,402,400	156,900	10.10%
January	1,556,300	1,395,300	161,000	10.30%
February	1,553,600	1,396,900	156,700	10.10%
March	1,563,000	1,404,000	159,000	10.20%
April	1,551,000	1,399,500	151,500	9.80%

Figure 70 – Labor Force, Employment, Unemployment Rate

Notes: 1) Data may not add due to rounding. The unemployment rate is calculated using unrounded data.
2) Labor force data for all geographic areas for 1990 to 2008 now reflect the March 2008 annual revision (or benchmark) and Census 2000 population controls at the state level.

Source: State of California Employment Development Department, Labor Market Information Division, March 2010 Benchmark (not seasonally adjusted)

Principal Employers

	2010			2000		
Employer	Employees [1]	Rank	Percentage Total of County Employment [2]	Employees [3]	Rank	Percentage Total of County Employment [4]
U.S. Federal Government	44,000	1	3.14%	43,000	1	3.27%
State of California	42,300	2	3.02%	35,600	2	2.71%
UC San Diego	26,823	3	1.91%	20,653	3	1.57%
County of San Diego	15,391	4	1.10%	16,555	4	1.26%
Sharp HealthCare	14,832	5	1.06%	8,003	7	0.61%
San Diego Unified School District	14,485	6	1.03%	12,784	5	0.97%
Scripps Health	13,823	7	0.99%	0	-	0.00%
Qualcomm Inc.	11,847	8	0.84%	7,000	9	0.53%
City of San Diego	10,470	9	0.75%	11,500	6	0.88%
Kaiser Permanente	7,404	10	0.53%	6,600	10	0.50%
US Postal Service	-	-	-	7,124	8	0.54%
Total	201,375		14.36%	168,819		12.85%

Sources:

(1) San Diego Business Journal

(2) California Labor Market Info
Percentage is calculated by dividing employees by total employment of 1,402,100 for August 2010

(3) San Diego Regional Chamber of Commerce

(4) California Labor Market Info
Percentage is calculated by dividing employees by total employment of 1,313,900 for August 2000

Figure 71 – Principal Employers

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Glossary

AAAE – American Association of Airport Executives

ACCRUAL BASIS OF ACCOUNTING – Under this method, revenue is recorded when earned and expenses are recorded at the time liabilities are incurred.

ACI-NA – The Airports Council International–North America represents local, regional, and state governing bodies that own and operate commercial airports in the United States and Canada. It advocates policies and provides services that strengthen the ability of commercial airports to serve their passengers, customers and communities.

AIRCRAFT OPERATION – The landing or takeoff of an aircraft.

AIRLINE COST PER ENPLANEMENT - The total annual cost of fees and charges paid by the airlines divided by the total enplanements.

AIRPORT – Refers to the San Diego International Airport.

AIRPORT IMPROVEMENT PROGRAM – A Federal Aviation Administration program periodically authorized by Congress which distributes the proceeds of the federal tax on airline tickets to airports through grants for eligible construction projects and land acquisition. See "Federal Grants."

AIRPORT LAND USE COMMISSION – The Airport Land Use Commission (ALUC) is an agency required by state law to exist in counties served by a commercial and/or a general aviation airport. The purpose of the ALUC is to protect public health, safety, and welfare by ensuring the orderly development of airports and the adoption of land use measures that minimize the public's exposure to excessive noise and safety hazards within areas around public airports, to the extent that these areas are not already devoted to incompatible uses. The San Diego County Regional Airport Authority serves as the Airport Land Use Commission for airports in San Diego County.

AIRPORT MASTER PLAN – An airport master plan represents the approved actions to be accomplished for phased development of the airport. Master plans address the airfield, terminal, landside access improvements, modernization and expansion of existing airports, and establish the premise for site selection and planning for a new airport.

AIRPORT NOISE COMPATIBILITY PROGRAM – The mission of the Airport Noise Compatibility Program is to reduce the aircraft noise impact on the community through mitigation programs while monitoring compliance with local, state and federal regulations, thus maintaining an environmentally viable airport.

AIRPORT RESOURCE PLANNING (ARP) – A comprehensive information technology system with specific applications in the areas of human resources, accounting, procurement, real estate management, and customer relationship management.

ARFF – Aircraft Rescue and Fire Fighting

THE AUTHORITY – Refers to the San Diego County Regional Airport Authority.

AVIATION ACTIVITY FORECAST – A forecast of aviation activities that is used in airport facilities planning and in evaluating environmental and fiscal impacts on the airport. These forecasts typically contain projections of passenger demand, airline flights, and other activity segments that are likely to grow in the future and seek to measure when an existing facility will not be able to accommodate the projected growth.

BUDGET – A financial plan for a specified period of time (fiscal year) that matches planned expenses and revenues with planned services.

BUDGET CALENDAR – The schedule of key dates or milestones that the Authority follows in the preparation, adoption, and administration of the annual budget.

BOND COVENANT – An agreement with bond holders, which defines, among other things, the priority of payment of debt service in the use of revenues.

CAPITAL IMPROVEMENT PROGRAM – A rolling, near-term five-year program that provides for critical needed improvements and asset preservation. The program includes projects that address federal security requirements, airfield safety improvement, and enhanced revenue potential.

CAPITALIZED LABOR – Personnel salaries, taxes, and benefits expenses that are associated with capital projects.

COMMERCIAL PAPER – Commercial Paper (CP) is a short-term promissory note issued for periods up to 270 days, with maturities commonly at 30, 60, and 90 days. The Authority currently has commercial paper programs with two series, one Alternative Minimum Tax (AMT) and one non-AMT.

COMMUTER AIRLINE – An airline that operates aircraft with a maximum of 60 seats and with an operating frequency of at least five scheduled round trips per week between two or more points. See also "Major Airline," "National Airline," and "Regional Airline."

CONCESSIONAIRE – A person or company having a lease, contract, or operating permit arrangement with the Authority, entitling them to do business on the airport

CONNECTING PASSENGER – A passenger who transfers from one flight to another en route to a final destination

COST CENTER – An area of the Airport to which a revenue or expense is attributed, e.g., airfield, terminal, etc.

CUSTOMER FACILITY CHARGE (CFC) – Airport-required fees collected by car rental agencies and used to fund new car rental facilities.

DEBT SERVICE – Principal and interest payments on bonds.

DEBT SERVICE COVERAGE – An amount equal to 125 percent of the portion of Debt Service attributable to bonds, plus other such amounts as may be established by any financial agreement.

DISCRETIONARY GRANTS – See "Federal Grants."

DISTRICT – The San Diego Unified Port District.

E1 – See Airport Resource Planning.

EMPLOYEE ANNUAL TUNE UP – Annual training session for employees covering policies and procedures.

ENPLANED PASSENGER – Any revenue passenger boarding at the Airport, including any passenger that previously disembarked from another aircraft (i.e., connecting passenger).

ENTERPRISE FUND – In governmental accounting, a fund that provides goods and services to the public for a fee that makes the entity self-supporting.

ENVIRONMENTAL IMPACT REVIEW (EIR) – The review and analysis of the environmental impacts that might potentially arise from changes in facility design or use. Those issues typically addressed in an Environmental Impact Report, Negative Declaration, or similar document, are handled by the Airport Planning Department.

ENVIRONMENTAL IMPACT STATEMENT (EIS) – The EIS is an impact document prepared pursuant to the National Environmental Policy Act (NEPA) that documents the potential environmental impact of an airport infrastructure expansion or modification.

FEDERAL AVIATION ADMINISTRATION (FAA) – The FAA is part of the Department of Transportation and, within the airspace of the United States, promotes air safety, regulates air commerce, controls the use of navigable airspace, develops and operates air navigation facilities, develops and operates the air traffic control system, and administers federal grants for development of public-use airports.

FEDERAL GRANTS – The FAA's Airport Improvement Program provides both entitlement and discretionary grants for eligible airport projects. Entitlement funds are determined by a formula according to enplanements at individual airports. The Authority applies for discretionary grants from the FAA through a Letter of Intent (LOI) process. Each LOI represents an intention to obligate funds from future federal budget appropriations. The issuance of a Letter of Intent is subject to receipt of Congressional appropriations for grants to airports and does not itself constitute a binding commitment of funds by the FAA. For planning purposes, the amounts in approved LOI from FAA are used by the Authority as the estimate of federal discretionary grants to be received.

FISCAL YEAR – The annual period beginning July 1 and ending June 30.

FIXED BASE OPERATORS (FBOs) – Those commercial businesses at the Airport authorized by the Authority to sell aviation fuels and provide other aviation-related services, primarily to General Aviation.

FUND BALANCE - The Authority's fund balance is generally defined as the difference between its assets and liabilities.

GAAP – General Accepted Accounting Principles are uniform minimum standards and guidelines for accounting and financial statement reporting.

GASB – Governmental Accounting Standards Board, the body responsible for establishing GAAP for governmental entities.

GENERAL AVIATION (GA) – The activities of privately owned aircraft that are not used for commercial purposes, such as the movement of passengers or freight.

GSE – Ground Service equipment.

LANDED WEIGHT – Refers to maximum gross certificated landed weight in one thousand pound units, as stated in the airlines' flight operations manual. Landed weight is used to calculate landing fees for both airline and general aviation aircraft operated at the Airport.

LANDING FEES – Revenues from passenger and cargo carriers for commercial aircraft landings at the airport.

LEGACY CARRIERS – refers to those airlines that flew interstate routes prior to the Airline Deregulation Act of 1978. US legacy carriers mainly include American, Continental, Delta, Northwest, United, US Airways, Alaska, and Hawaiian airlines.

MAJOR AIRLINE – US designation for an air carrier with annual operating revenue of more than one billion dollars, such as American, Northwest, and United Airlines. Also called major carrier.

MAJOR MAINTENANCE PROGRAM – Includes projects that are defined as major repairs to existing buildings or structures and do not prolong or extend the estimated useful life of the asset. Major maintenance projects are generally not capitalized and are expensed in the operating budget.

NATIONAL AIRLINE -- US term for an air carrier with annual operating revenue between $100 million and one billion. Also called national carrier.

PASSENGERS DAILY EACH WAY (PDEW) – A common measure of Origin–Destination market demand used in the airline industry. Also referred to as "*Passenger trips per day each way*."

PASSENGER FACILITY CHARGE (PFC) – A $4.50 charge (net $4.39 to Airport) attached to each ticketed passenger that boards an airplane at the Airport. Certain types of passengers, including military, are excluded from the Passenger Facility Charge.

QUIETER HOME PROGRAM (QHP) – See Residential Sound Attenuation Program.

RASP – Regional Aviation Strategic Plan. Required by the San Diego Regional Airport Authority Reform Act (SB10). The RASP will guide the regions efforts to improve all transportation services for San Diego County by identifying ways to increase the system capacities of all twelve civil airports, Tijuana Rodriguez International Airport, and selected bordering counties. The RASP will also consider air/rail alignments between facilities and other centers of population in the Southern California region.

REGIONAL AIRLINE – US term for an air carrier with annual operating revenue below $100 million.

RESIDENTIAL SOUND ATTENUATION PROGRAM – Includes sound attenuation construction at all eligible single-family and multi-family dwellings with six or fewer units located in the Year 2000 70 dB Community Noise Equivalent Contour.

SDCRAA – San Diego County Regional Airport Authority

SDIA – San Diego International Airport

SERVICE LEVEL AGREEMENT – Agreement between the San Diego Port District and the Authority defining the services that the Authority obtains from the Port.

TDP – Terminal Development Program includes a variety of terminal and airfield improvements essential to accommodating the growing passengers' demands at SDIA.

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