



SAN DIEGO COUNTY REGIONAL AIRPORT AUTHORITY

**FY 2017 ADOPTED BUDGET &  
FY 2018 APPROVED CONCEPTUAL BUDGET**

# SAN DIEGO COUNTY REGIONAL AIRPORT AUTHORITY

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June 23, 2016

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Dear Board Members:

Submitted herein are the San Diego County Regional Airport Authority's (SDCRAA, or Authority) adopted operating and capital budget for Fiscal Year (FY) 2017 and approved conceptual budget for FY 2018. The budget is the culmination of an extensive, collaborative effort, which included workshops with members of the Authority Board and staff that evaluated the operating and capital improvement needs and obligations of the Authority. The budget ensures adherence to the requirements of the master and subordinate bond indentures governing the Authority's outstanding indebtedness and takes into account its obligations under state and federal law.

The goal of multiyear budgeting is to facilitate the integration of financial and strategic planning and resource allocation. Last year, the Board approved a FY 2017 Conceptual Budget as part of the FY 2016 – 2017 budget process. This year the FY 2017 Conceptual Budget was revised, and subsequently adopted, as the FY 2017 Budget. The FY 2018 Conceptual Budget was also approved. Next year, the FY 2018 Conceptual Budget will be revised to reflect any changes in initiatives, as well as industry, economic and geopolitical events. After completion of the Authority's budget preparation and evaluation process, a revised FY 2018 Budget will be presented to the Board between May and June 2017 for review and formal adoption and a FY 2019 Conceptual Budget will also be presented for approval at that time.

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

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

## **GUIDING PRINCIPLES**

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

Authority’s five strategies are:

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

## **ORGANIZATIONAL INITIATIVES**

Guided by the organizational strategies, our commitment is to plan and build an enduring and resilient customer-focused enterprise by effectively managing our financial; social; and environmental risks, obligations and opportunities. The budget addresses the organizational initiative to develop a five-year strategic plan to include the following three (3) sustainable elements.

### **1. Maintain a Sustainable Long–Term Capital Plan:**

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

### **2. Focus on Revenue Generation and Cost Control Opportunities:**

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

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

### 3. Strategically Engage our Employees in Sustainable Business Practices:

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

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

#### PASSENGER SATISFACTION

Customer satisfaction has been demonstrated to have a positive effect on a company's bottom line. As a result, SAN measures passenger satisfaction to provide insight into evolving passenger expectations and opportunities to continuously improve the airport experience.

At SAN we take customer satisfaction seriously, and we are proud to participate in the Airport Council International's Airport Service Quality (ASQ) survey. The ASQ survey is the world's largest airport passenger satisfaction benchmark. Based on the 2015 annual results, SAN achieved an Overall Satisfaction rating of 4.13 out of 5. From the third to the fourth quarter, SAN's score increased by 0.10 points, the greatest quarter-to-quarter increase since 2013. Of the passengers surveyed, 78 percent were satisfied with their experience at SAN. Key areas of importance to San Diego passengers in which SAN continues to exceed expectations include wait time and efficiency at check-in and security, walking distance inside the terminal, and courtesy and helpfulness of check-in and inspection staff.

As SAN continues to pursue its vision of Mastering the Art of Airports, the organization monitors the drivers of overall satisfaction to assure it is delivering an experience that results in the highest level of passenger satisfaction.

#### ECONOMIC AND OPERATIONAL TRENDS AFFECTING THE BUDGET

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

The U.S. economy continues to recover from a recession. Gross Domestic Product (GDP) increased 2.4% during 2015, reflecting continued modest growth in the national economy (*see Figure 62 in Supplemental Data*). In addition the Dow Jones Industrial Average (DJIA) decreased by 2.2% in 2015 (*see Figure 63 in Supplemental Data*).

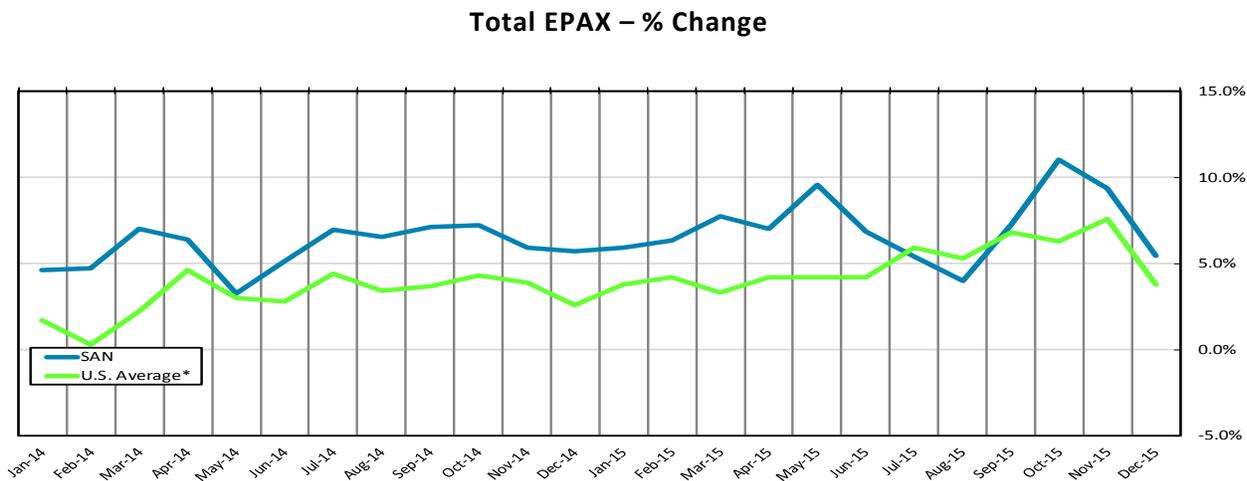
The Air Trade Area for the Airport includes San Diego County as well as portions of neighboring Orange and Riverside Counties, and Baja California del Norte, Mexico. The California Department of Finance estimates the population of San Diego County to be 3,288,612 as of January 1, 2016. The county is the second largest in California, in terms of population, and the City of San Diego ranks as the second largest city in the state. The majority of the county's population is concentrated in its western portion adjacent to the ocean. The largest cities in the county are San Diego (42%), Chula Vista (8%), Oceanside (5%), Escondido (5%), Carlsbad (3%), and El Cajon (3%). The combined San Diego/Tijuana metropolitan population is estimated to be around 5 million inhabitants.

San Diego County has enjoyed a relatively stable economic climate during the past five years, with lower unemployment rates than the State of California. The U.S. Bureau of Labor Statistics notes that the county's average unemployment rate for April 2016 was 4.2% compared to 4.7% for the state. This reflects the nature of the region's diverse economy, providing an attractive mix of leisure, business sectors and government. The

county is home to more than 120 publicly traded companies.

In Calendar Year (CY) 2015 all major U.S. airlines recorded a profit and the domestic airline industry collectively realized a \$19.3B profit (excluding special items), up from \$11.7B in CY 2014. Main drivers of growth include booming domestic demand, sharply lower oil prices and continued pricing power due to industry consolidation. Load factors remain at record highs as aircraft are increasingly full for most US airlines. In addition, network and fleet restructuring is continuing. Airlines are continuing to pare down service to smaller and unprofitable airports and focus on ordering large, fuel efficient aircraft to replace aging fleets.

SAN traffic growth has mostly outperformed the national averages since January 2014, as seen in *Figure 1*.



\* U.S. Average is based on T-100 Market Reporting Data from the DOT Bureau of Transportation Statistics

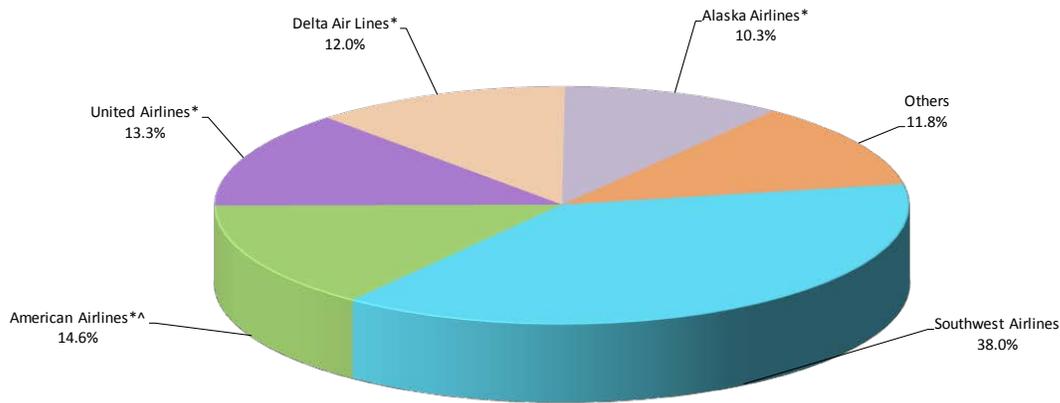
**FIGURE 1 – TOTAL ENPLANED PASSENGERS – SAN vs U.S. TREND**

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

Given these uncertainties, it is beneficial for an airport to be served by a diverse carrier base that includes both legacy and low-cost carriers. SAN is an origin and destination airport where no one carrier dominates, and where a significant number of low-cost carriers serve the market. In CY 2015, air service was provided by 22 major passenger airlines, including Regional Airlines. Southwest Airlines, the largest carrier, served 38.0% of the passengers who traveled through SAN (see *Figure 2*); its lead in market share is expected to continue.

In CY 2015, low-cost carriers accounted for 47.8% of seat capacity and 46.9% of enplaned passengers. Their presence in certain markets serves to stimulate pricing competition among all carriers, which typically stimulates demand through lower fares.

## SAN Enplaned Passengers, CY 2015



\*Includes regional affiliates  
 ^ Including US Airways due to merger

**FIGURE 2 – SAN ENPLANED PASSENGERS BY CARRIER**

Passengers departing from SAN can fly non-stop to 54 domestic and 9 international destinations, with one-stop connections to over 300 international destinations around the world. FY 2016 saw the addition of service to Vancouver, British Columbia (Canada); San Jose, California; El Paso; Texas and Stockton, California. The Authority’s Air Service Development Department continues to build upon this success and pursue expanded international and domestic opportunities.

All of these economic and industry factors together with additional air service are reflected in the FY 2017 Budget and the FY 2018 Conceptual Budget, which are predicated on modest passenger growth as shown in *Figure 3*. In FY 2017, enplaned passenger traffic at SAN is projected to reach 10.61 million, which represents an increase of 8.0% from the 9.83 million enplanements used in the FY 2016 Budget and a 2.5% increase over the 10.35 million enplanements projected for FY 2016. Enplaned passengers are projected to increase by 2.0% to 10.82 million in the FY 2018 Conceptual Budget.

## Enplaned Passengers and Annual Growth by Fiscal Year



\* Projected FY 2016 and Budgeted FY 2017 and FY 2018

**FIGURE 3 – ENPLANED PASSENGERS AND ANNUAL GROWTH**

## BUDGET PROCESS

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

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

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

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

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

**FIGURE 4 – SDCRAA BUDGET CALENDAR**

## FINANCIAL PLAN

The financial plan, which includes the FY 2017 Budget and the FY 2018 Conceptual Budget, is influenced by several factors. Primarily, the San Diego County Regional Airport Authority Act, which is the Authority's enabling legislation, and costs associated with near-term improvements at SAN. Other major factors affecting the Authority's financial planning include the airline operating agreement, master and subordinate bond indentures, Memorandum of Understanding with the California Attorney General and various levels of federal funding. All of these factors also play an important role in the Authority's Mission, Vision, Values, Strategies and Initiatives, which set the foundation for the Authority's financial plan.

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

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

## BUDGET SUMMARY

The following table summarizes the forecasted revenue and expenses of the FY 2017 Budget and FY 2018 Conceptual Budget before depreciation, bond principal repayment and capital equipment outlays.

	FY 2015 Actuals	FY 2016 Budget	FY 2017 Budget	Inc / (Dec) FY 17 vs FY 16 Budget	% Change	FY 2018 Conceptual Budget	Inc / (Dec) FY 18 Conceptual vs FY 17 Budget	% Change
<b>Operating Revenue</b>								
<b>Airline Revenue</b>								
Landing Fees	\$ 21,390,056	\$ 24,612,835	\$ 26,620,940	\$ 2,008,105	8.2%	\$ 28,740,510	\$ 2,119,569	8.0%
Aircraft Parking Fees	2,715,854	2,875,302	2,907,647	32,345	1.1%	3,123,922	216,275	7.4%
Building Rentals	50,206,093	53,222,551	54,924,548	1,701,997	3.2%	58,566,935	3,642,387	6.6%
Common Use Systems Support Charges	1,254,818	1,206,527	1,245,131	38,604	3.2%	1,248,913	3,782	0.3%
Other Aviation Revenue	1,584,599	1,587,163	1,619,773	32,610	2.1%	1,623,620	3,847	0.2%
Security Surcharge	25,179,679	27,684,810	29,857,549	2,172,739	7.8%	30,949,428	1,091,880	3.7%
<b>Total Airline Revenue</b>	<b>102,331,098</b>	<b>111,189,189</b>	<b>117,175,589</b>	<b>5,986,400</b>	<b>5.4%</b>	<b>124,253,328</b>	<b>7,077,740</b>	<b>6.0%</b>
<b>Non-Airline Revenue</b>								
Terminal Rent - Non-Airline	1,506,604	1,428,694	1,241,740	(186,955)	-13.1%	1,257,243	15,503	1.2%
Terminal Concessions	21,961,517	21,323,828	23,856,777	2,532,949	11.9%	24,405,854	549,077	2.3%
Rental Car License Fees	26,209,701	25,812,269	28,683,541	2,871,273	11.1%	29,262,688	579,146	2.0%
License Fees Other	4,325,175	4,475,900	4,339,300	(136,600)	-3.1%	4,399,400	60,100	1.4%
Parking Revenue	38,614,429	38,161,518	40,577,290	2,415,772	6.3%	41,019,488	442,198	1.1%
Ground Transportation Permits and Citations	3,018,101	4,179,037	6,242,148	2,063,110	49.4%	6,781,490	539,342	8.6%
Ground Rentals	11,567,849	13,798,184	18,582,841	4,784,657	34.7%	18,453,066	(129,775)	-0.7%
Grant Reimbursements	291,930	292,000	219,900	(72,100)	-24.7%	219,900	-	0.0%
Other Operating Revenue	678,870	473,304	752,288	278,984	58.9%	757,539	5,251	0.7%
<b>Total Non-Airline Revenue</b>	<b>108,174,175</b>	<b>109,944,735</b>	<b>124,495,825</b>	<b>14,551,091</b>	<b>13.2%</b>	<b>126,556,668</b>	<b>2,060,843</b>	<b>1.7%</b>
<b>Total Operating Revenue</b>	<b>210,505,274</b>	<b>221,133,924</b>	<b>241,671,414</b>	<b>20,537,490</b>	<b>9.3%</b>	<b>250,809,997</b>	<b>9,138,583</b>	<b>3.8%</b>
<b>Operating Expenses</b>								
Salaries and Benefits	39,211,360	45,168,794	45,555,883	387,088	0.9%	47,850,412	2,294,529	5.0%
Contractual Services	32,422,051	38,273,668	44,698,463	6,424,796	16.8%	44,825,395	126,932	0.3%
Safety and Security	23,464,483	25,704,383	29,061,387	3,357,004	13.1%	29,917,194	855,807	2.9%
Space Rental	10,433,251	10,428,514	10,191,450	(237,064)	-2.3%	10,191,450	-	0.0%
Utilities	10,151,923	13,121,913	12,903,213	(218,700)	-1.7%	13,611,308	708,094	5.5%
Maintenance	14,515,948	14,653,671	14,665,767	12,096	0.1%	15,279,164	613,397	4.2%
Operating Equipment & Systems	1,811,565	573,065	365,314	(207,751)	-36.3%	375,192	9,878	2.7%
Operating Supplies	481,494	416,210	446,912	30,702	7.4%	441,899	(5,012)	-1.1%
Insurance	1,145,376	1,322,477	1,012,758	(309,719)	-23.4%	1,045,818	33,060	3.3%
Employee Development & Support	1,117,914	1,339,274	1,328,398	(10,876)	-0.8%	1,297,687	(30,711)	-2.3%
Business Development	2,484,624	2,777,327	2,564,368	(212,959)	-7.7%	3,282,200	717,832	28.0%
Equipment Rentals & Repairs	2,214,042	2,803,917	2,727,672	(76,245)	-2.7%	2,637,093	(90,580)	-3.3%
Tenant Improvements	795,723	1,050,000	900,000	(150,000)	-14.3%	990,000	90,000	10.0%
<b>Total Operating Expenses before Depreciation &amp; Amortization</b>	<b>140,249,754</b>	<b>157,633,213</b>	<b>166,421,585</b>	<b>8,788,372</b>	<b>5.6%</b>	<b>171,744,811</b>	<b>5,323,226</b>	<b>3.2%</b>
<b>Income from Operations before Depreciation &amp; Amortization</b>	<b>70,255,519</b>	<b>63,500,711</b>	<b>75,249,829</b>	<b>11,749,118</b>	<b>18.5%</b>	<b>79,065,185</b>	<b>3,815,356</b>	<b>5.1%</b>
<b>Non-Operating Revenue/(Expense)</b>								
Passenger Facility Charges	38,517,355	39,261,900	41,924,100	2,662,200	6.8%	42,761,700	837,600	2.0%
Customer Facility Charges	32,464,843	33,070,709	37,286,862	4,216,153	12.7%	41,489,264	4,202,401	11.3%
Quieter Home Program (Net) and Joint Studies	(2,951,847)	(3,106,962)	(3,206,962)	(100,000)	3.2%	(3,206,962)	-	0.0%
BAB Interest Rebate	4,631,219	4,631,219	4,631,219	-	0.0%	4,631,219	-	0.0%
Interest Income	5,747,326	4,724,296	6,535,556	1,811,260	38.3%	6,574,972	39,416	0.6%
Interest Expense	(59,516,437)	(59,261,100)	(67,082,087)	(7,820,986)	13.2%	(67,262,711)	(180,624)	0.3%
Bond Amortization Costs	4,328,300	4,243,249	4,153,112	(90,137)	-2.1%	4,059,229	(93,883)	-2.3%
Other Non-Operating Income/(Expenses)	1,367,096	(10,000)	(10,000)	-	0.0%	(10,000)	-	0.0%
<b>Total Other Non-Operating Revenue, Net</b>	<b>24,587,855</b>	<b>23,553,311</b>	<b>24,231,801</b>	<b>678,490</b>	<b>2.9%</b>	<b>29,036,711</b>	<b>4,804,910</b>	<b>19.8%</b>
<b>Income before Capital Grant Contributions</b>	<b>94,843,374</b>	<b>87,054,022</b>	<b>99,481,630</b>	<b>12,427,608</b>	<b>14.3%</b>	<b>108,101,896</b>	<b>8,620,266</b>	<b>8.7%</b>
Capital Grant Contributions	10,764,946	11,592,103	1,350,000	(10,242,103)	-88.4%	9,135,000	7,785,000	576.7%
<b>Net Income before Depreciation, Principal &amp; Capital Outlay</b>	<b>\$ 105,608,321</b>	<b>\$ 98,646,125</b>	<b>\$ 100,831,630</b>	<b>\$ 2,185,505</b>	<b>2.2%</b>	<b>\$ 117,236,896</b>	<b>\$ 16,405,265</b>	<b>16.3%</b>

Total operating revenues for FY 2017 are budgeted at \$241.7M, an increase of \$20.5M (9.3%) over the FY 2016 Budget. This revenue reflects two sources: 1) airline revenue of \$117.2M; and 2) non-airline revenue of \$124.5M. Airline revenue is derived primarily from landing fees, Aircraft Parking Fees, terminal rents, common use system support charges and security related fees. Non-airline revenue is comprised of public parking fees, terminal and other concessions, rental car fees, ground rents and other operating revenues. FY 2018 operating revenues are budgeted at \$250.8M, an increase of \$9.1M (3.8%), of which \$124.2M represents airline revenue and \$126.6M is from non-airline revenue.

Total FY 2017 airline revenue includes an increase of \$6.0M (5.4%), as compared to the FY 2016 Budget. This result is mostly driven by higher landing fees of \$2.0M, primarily due to increased amortization for new airfield projects to be funded with cash. Security surcharges increase by \$2.2M (7.8%) over the FY 2016 Budget. This increase reflects increased cost of services and an increase in security checkpoints rent. Building rentals are expected to increase by \$1.7M (3.2%) over the FY 2016 Budget. The FY 2017 terminal rental rate of \$146.28 per square foot, versus \$144.00 per square foot in the FY 2016 Budget, mainly reflects higher operating and maintenance expenses for terminal facilities, an increase in debt service and an increase in amortization for new terminal projects to be funded with cash.

Total FY 2018 airline revenue is budgeted to increase by \$7.1M (6.0%) compared to FY 2017 mainly for increased building rental fees, landing fees and security surcharge costs.

Total FY 2017 non-airline revenue projects a net increase of \$14.6M (13.2%) from the FY 2016 Budget. This is primarily driven by: 1) an increase in ground rentals of \$4.8M, mostly reflecting a full year of the Rental Car Center (RCC); 2) an increase of \$2.5M in terminal concessions revenue due to increased passenger traffic and stronger gross sales per passenger; 3) an increase of \$2.1M in ground transportation permits revenue mostly reflecting increased expenses and the additional revenue of Transportation Network Company (TNC) pilot program costs; and 4) an increase of \$2.4M in parking revenue reflecting an increase in parking rates for short term lots and increased enplanements. Those increases are partially offset by a decrease in utilization and spaces during construction of the parking plaza; and 5) an increase of \$2.9M in rental car license fees revenue due to increased passenger traffic and a full year of RCC cost recovery.

Total FY 2018 non-airline revenue is budgeted to increase by \$2.1M (1.7%) compared to FY 2017. This increase reflects several factors including: 1) an increase in parking revenue of \$0.4M; 2) an increase of \$0.5M in car rental license fees, due to higher enplanements; 3) an increase of \$0.6M in terminal concessions, due to increased passenger traffic; and 4) an increase of \$0.5M in ground transportation permits revenue, mostly reflecting increased costs related to ground transportation capital improvements.

The divisional and departmental operating expense budgets of \$166.4M which address the Authority's overall strategies, initiatives and mandated obligations, reflect an increase of \$8.8M (5.6%) in the FY 2017 operating expense budget from the FY 2016 Budget. FY 2018 operating expenses are projected to increase by \$5.3M (3.2%) over the FY 2017 Budget.

The FY 2017 operating expense increase of \$8.8M (5.6%) is driven by a variety of factors. Total personnel costs are projected to increase by \$0.4M from the FY 2016 Budget reflecting a net increase of five (5) Full-Time Equivalent (FTE) positions which are offset by a decrease in benefits primarily due to a decrease in the required pension contribution.

In FY 2017, contractual services are budgeted to have a net increase of \$6.4M (16.8%) from the FY 2016 Budget, primarily reflecting a full year of RCC busing operation costs and increases in environmental requirements.

FY 2017 Security costs are projected to increase by \$2.0M (7.4%) over the FY 2016 Budget, reflecting an increase in contract security services costs and increase in the City of San Diego Aircraft Rescue and Fire Fighting (ARFF) cost.

FY 2017 maintenance expenses are projected to increase by \$1.4M (10.2%) from the FY 2016 Budget, mainly reflecting anticipated increased costs in major maintenance projects as a result of Facility Condition Assessment (FCA) report..

FY 2018 operating expenses are budgeted to increase by \$5.3M (3.2%); these increases reflect a net increase of eight (8) FTE positions, wage and salary increases required under union contract agreements and pay-for-performance increases for non-union employees. In addition these increases are driven by safety and security costs, increases in maintenance costs and utility costs.

FY 2017 non-operating revenue/(expense) is projected to increase by \$0.7M (2.9%) from the FY 2016 Budget, primarily reflecting an increase in interest expense of \$7.8M (13.2%). This is offset by increases in CFCs of \$4.2M and PFCs of \$2.7M, due to higher projected enplanements.

FY 2018, non-operating revenue/(expense) is budgeted to increase by \$4.8M (19.8%) from the FY 2017 Budget, reflecting an increase in PFCs of \$4.2M (11.3%).

Capital grant contributions are FAA grant awards from the federal Airport Improvement Program (AIP), these provide funding for certain approved capital improvement projects. FY 2017 capital grant contributions decreased by \$10.2M (-88.4%), primarily due to fewer new grant funded projects. FY 2018 capital grant contributions are budgeted to increase by \$7.8M (576.7%).

## **PROJECTED FUND BALANCE**

The Authority Fund Balance is generally defined as the difference between its assets and liabilities. The Authority's fund balance statement projects that FY 2017 cash and investments will decrease by \$31.3M to \$538.4M versus the FY 2016 projected balance of \$569.7M. This decrease of (-5.5%) from the FY 2016 projected is mostly due to capital expenditures from the Authority's revolving line of credit, planned to finance the parking plaza construction. FY 2018 cash and investments are projected to decrease by \$52.4M (-9.7%) to \$485.9M, mainly reflecting an increase in capital and operating expenditures.

## CAPITAL PROGRAM

The Authority maintains a five –year Capital Program that is intended to address critical improvements and asset preservation of SAN. The Authority’s current Capital Program includes projects started prior to FY 2017, as well as new projects to be undertaken at SAN between FY 2017 and FY 2021 at an estimated total cost of approximately \$947.5M.

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

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

Anticipated funding sources for the projects in the Capital Program include AIP, PFCs, CFCs (including CFC backed Special Facility Bonds), airport cash, airport revenue bonds and a short-term variable-rate commercial loan.

*In thousands*

### Sources of Funds

Airport Funds	\$	373,996
Special Facility Bonds		240,992
Customer Facility Charges (CFC)		115,064
Variable Rate Debt		86,838
Federal Grants		55,138
Passenger Facility Charges (PFC)		53,060
Airport Revenue Bonds		22,439
<b>Total Sources of Funds</b>	<b>\$</b>	<b>947,527</b>

### Use of Funds

FY 2016 – 2020 Carryover	\$	795,948
FY 2017 – 2021 New Projects & Adjustments		96,679
Airport Development Program (ADP)		54,900
<b>Total Use of Funds</b>	<b>\$</b>	<b>947,527</b>

Projected FY 2017 Capital Program expenditures total \$154.8M, and projected FY 2018 expenditures are \$160.7M. Further discussion of these expenditures along with detailed descriptions can be found in the section titled **Capital Program**.

## AIRLINE OPERATING AGREEMENT

The current five-year airline operating agreement will expire on June 30, 2018. The operating agreement establishes how the signatory airlines will be assessed annual rates and charges for their use of the Airport. The Authority currently recovers substantially all of its airfield costs through the landing fees and other aviation charges assessed to the airlines. Landing fees are charged to passenger and cargo carriers for each aircraft landing based on the aircraft’s maximum gross landed weight. The FY 2017 landing rate is \$2.21. The Authority encourages carriers to efficiently use existing aircraft parking positions, both at the terminal gates and remotely. The aircraft parking fee is projected to recover approximately 10.8% of airfield costs in FY 2017 and in FY 2018.

Terminal rental revenues reflect the airline use and lease agreement’s methodology for recovery of terminal building costs allocated to airline occupied facilities. The FY 2017 terminal rental rate of \$146.28 per square foot reflects the fully loaded cost to the airlines. In addition, the FY 2017 Budget includes a Common Use System Support Charge relating to a common use terminal equipment system allowing the airlines to operate out of any gate or ticket counter in Terminal 2. The following table sets forth historical and projected landing fees, aircraft parking rates per position, terminal rental rates and costs per enplaned passenger for FY 2015 through FY 2018:

	FY 2015 Actual	FY 2016 Budget	FY 2017 Budget	FY 2018 Conceptual Budget
Landing Fee <sup>1</sup>	\$1.88	\$2.15	\$2.21	\$2.33
Aircraft Parking per Position <sup>2</sup>	\$52,228	\$54,251	\$58,153	\$62,478
Terminal Rental Rate <sup>3</sup>	\$129.35	\$144.00	\$146.28	\$156.13
Airline Cost / Enplaned Passenger	\$10.26	\$11.03	\$10.77	\$11.19

<sup>1</sup>Landing Fees are per 1,000 lbs maximum gross landed weight

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

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

**FIGURE 5 – AIRLINE AIRCRAFT PARKING FEES AND CHARGES**

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

## OUTSTANDING DEBT

As of July 1, 2016 the Authority’s outstanding long-term debt will consist of \$546.4M of subordinate airport revenue bonds (Series 2010 Bonds), \$375.5M of senior airport revenue bonds (Series 2013 Bonds) and \$305.3M of senior special facility revenue bonds. The Authority does not have a legal debt limit. The master bond indenture requires the Authority to establish certain reserves and to maintain net revenues (after the payment of operation and maintenance expenses) equal to at least 1.25x annual senior lien debt service and subordinate net revenues at 1.10x annual subordinate lien debt service. The Board approved Debt Policy calls for minimum senior lien debt service coverage of 1.75x and aggregate debt service coverage (senior and subordinate) of 1.50x.

Further discussion of the Authority’s debt can be found in the Debt Service section of this document. Debt service coverage (generally consisting of operating revenue less operating expenses divided by principal and interest requirements for the fiscal year) is displayed in *Figure 6*. For FY 2017, debt service coverage on aggregate debt is projected to be 2.70x and 2.18x for FY 2018. The Authority’s outstanding variable rate debt will consist of \$16.9M of Series B (AMT) and \$15.7M of Series C revolving line of credit as of July 1, 2016. The authorized revolving line of credit provides for borrowings up to \$125.0M and is secured by a pledge of net airport revenues, subordinated to the payment of the Series 2013 Bonds, but on parity with the Series 2010 Bonds. The Revolving Credit Agreement requires that charges for services be set each year at rates sufficient to produce Pledged Revenues of at least 1.10x debt service on subordinate obligations for that year.

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

	FY 2015 Actual	FY 2016 Budget	FY 2017 Budget	FY 2018 Conceptual Budget
Aggregate Debt Service Coverage (x)	2.24	2.12	2.70	2.18
Senior Lien Debt Service Coverage (x)	6.32	6.39	8.17	8.52
Subordinate Lien Debt Service Coverage (x)	2.93	2.68	3.54	2.59

FIGURE 6 – DEBT SERVICE COVERAGE

### CONCLUSION

Every effort has been made to ensure that the FY 2017 Budget and the FY 2018 Conceptual Budget both reflect the Authority’s strategies and initiatives as supported and directed by the Board, while meeting all federal safety and security mandates and legislative requirements. This budget also allows the Authority to fulfill its mission of providing air transportation for the San Diego region and supports the continued operation of SAN while maintaining a strong fiscal foundation to support the organization well into the future.

Respectfully submitted,



Thella F. Bowens  
President/Chief Executive Officer



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

**ELEVENTH CONSECUTIVE AWARD OF THE  
GFOA DISTINGUISHED BUDGET PRESENTATION AWARD**

The Authority received its eleventh 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, 2015. The GFOA established the Distinguished Budget Presentation Awards Program (Budget Awards Program) in 1984 to encourage and assist state and local governments to prepare budget documents of the very highest quality that reflect both the guidelines established by the National Advisory Council on State and Local Budgeting and the GFOA’s best practices on budgeting and then to recognize individual governments that succeed in achieving that goal.

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

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



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# **AIRPORT AUTHORITY OVERVIEW**

## **BOARD OF DIRECTORS**

**Robert H. Gleason, Chairman**

**Paul Robinson, Vice Chair**

**C. April Boling**

**Supervisor Greg Cox**

**Mayor Jim Desmond**

**Lloyd B. Hubbs**

**Jim Janney**

**Mark Kersey**

**Mayor Mary Sessom**

### **Ex-Officio Members**

**Laurie Berman**

**Eraina Ortega**

**Colonel Jason G. Woodworth**

## EXECUTIVE MANAGEMENT TEAM

### **Thella F. Bowens**

PRESIDENT / CHIEF EXECUTIVE OFFICER

### **Amy Gonzalez**

GENERAL COUNSEL

### **Mark Burchyett**

CHIEF AUDITOR

### **Scott M. Brickner**

VICE PRESIDENT / TREASURER

*Finance & Asset Management Division*

### **Angela Shafer-Payne**

VICE PRESIDENT

*Operations Division*

### **Jeffrey Woodson**

VICE PRESIDENT

*Development Division*

## DIRECTOR STAFF

### **Rick Belliotti**

DIRECTOR

*Information & Technology Services*

### **David Boenitz**

DIRECTOR

*Ground Transportation*

### **Bob Bolton**

DIRECTOR

*Airport Design & Construction (ADC)*

### **Hampton Brown**

DIRECTOR

*Air Service Development*

### **George Condon**

DIRECTOR

*Airside Operations, Public Safety & Security*

### **Kurt Gering**

DIRECTOR

*Talent, Culture & Capability*

### **Iraj Ghaemi**

DIRECTOR

*Facilities Development*

### **Matt Harris**

SENIOR DIRECTOR

*Assets and Alliances*

### **Kathy Kiefer**

SENIOR DIRECTOR

*Finance & Asset Management*

### **Mike Kulis**

DIRECTOR

*Inter-Governmental Relations*

### **David LaGuardia**

DIRECTOR

*Facilities Management*

### **Diana Lucero**

DIRECTOR

*Vision, Voice & Engagement*

### **Jeff Rasor**

DIRECTOR

*Terminal & Tenants*

### **Brendan Reed**

DIRECTOR

*Environmental Affairs*

### **Tony Russell**

DIRECTOR / AUTHORITY CLERK

*Corporate & Information Governance*

### **Jana Vargas**

DIRECTOR

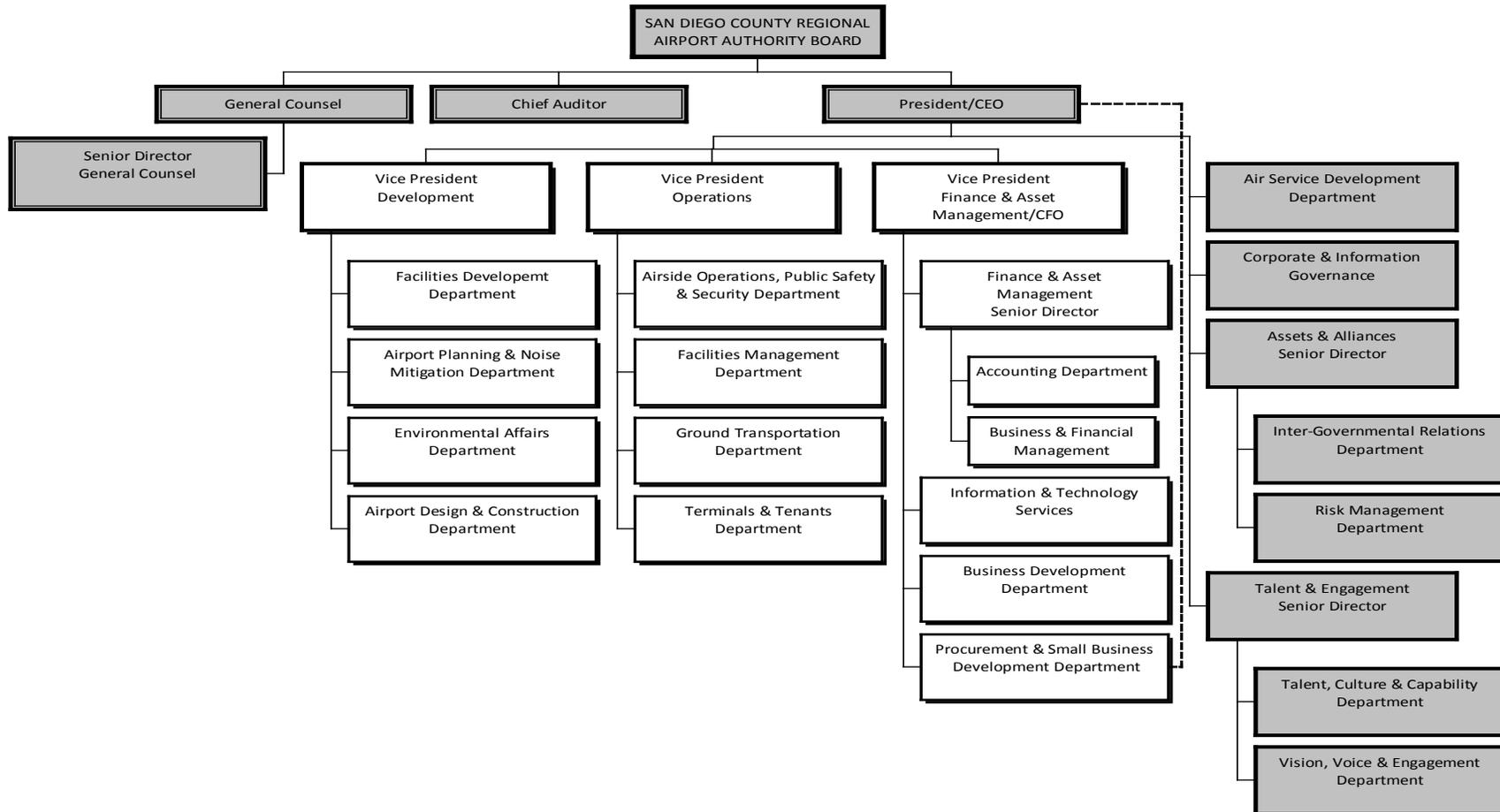
*Procurement & Small Business Development*

### **Keith Wilschetz**

DIRECTOR

*Airport Planning & Noise Mitigation*

## SDCRAA ORGANIZATIONAL STRUCTURE

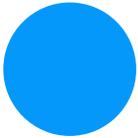


The dotted line relationship indicates the appointed **Disadvantaged Business Enterprise Liaison Officer** designated from the Procurement & Small Business Development Department reports directly to the Authority CEO.

Boxes in grey reside in the Executive Division.

## ORGANIZATIONAL STRATEGIES AND INITIATIVES

During FY 2016, the Authority refocused its strategies and initiatives, which are the guiding principles used for the allocation of scarce and restricted resources to SAN programs as part of the annual budget process.



### Community

Be a trusted and highly responsive agency



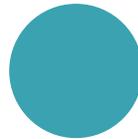
### Financial

Enhance the financial position of the Airport Authority



### Customer

Achieve the highest level of internal and external customer satisfaction



### Operations

Operate our airport in a safe, secure, environmentally sound, effective and efficient manner



### Employee

Achieve the highest level of employee commitment and performance

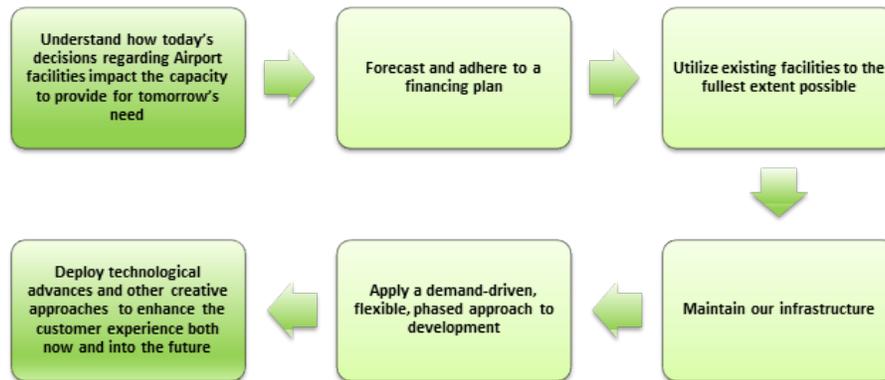
## ORGANIZATIONAL INITIATIVES

Guided by the organizational strategies, our commitment is to plan and build an enduring and resilient customer-focused enterprise by effectively managing our financial; social; and environmental risks, obligations and opportunities. The budget addresses the organizational initiative to develop a five-year strategic plan to include the following three (3) sustainable elements:

### 1. Maintain a Sustainable Long-Term Capital Plan

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

In order to accomplish this, a process of continual stakeholder involvement in the capital planning process is used to:



## 2. Focus on Revenue Generation and Cost Control

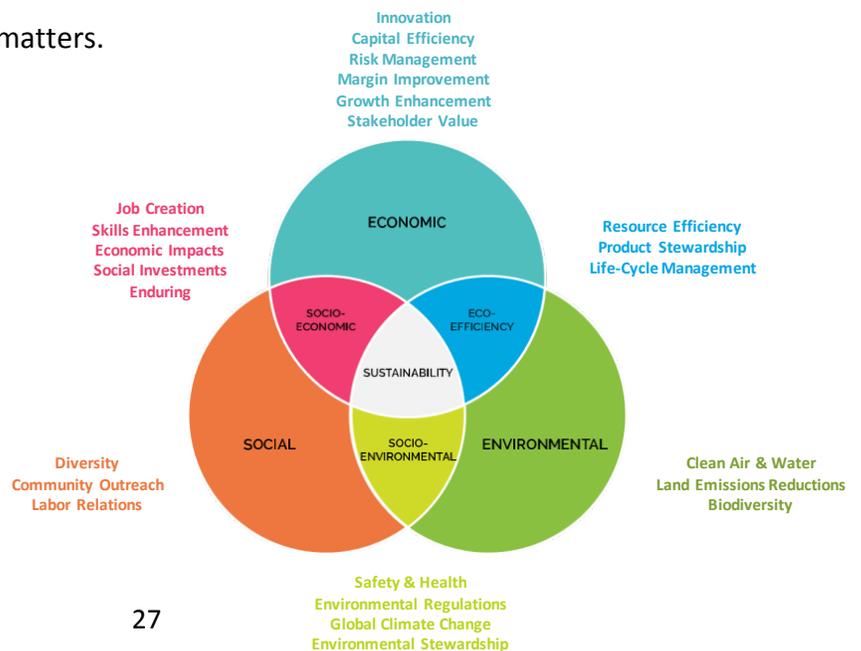
The Authority is committed to remaining a sustainable enterprise. Through revenue optimization, cost containment efforts and efficiency improvements the Authority will ensure its financial strength by:

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

## 3. Strategically Engaging our Employees in Sustainable Business Practices

Making decisions today, as if tomorrow matters.

- Community
- Customer
- Employee
- Financial
- Operations



# **OVERVIEW OF FINANCIAL POLICIES & GUIDELINES**

## OVERVIEW OF FINANCIAL POLICIES AND GUIDELINES

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

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

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

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

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

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

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

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

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

- Manage and monitor existing debt to optimize financial structure, control costs and ensure compliance with bond financing Bond Covenant.
- Oversee the issuance of new debt in order to maintain access to capital markets and other sources of capital financing at a reasonable cost.
- Obtain and maintain the highest possible credit ratings on debt consistent with the overall objectives of the Authority.
- Explore and implement prudent debt structuring ideas when consistent with the debt issuance and management goals described in the policy.
- Provide the required secondary market disclosure to the rating agencies, institutional and retail investors via appropriate repositories.
- Comply with all federal and state laws and regulations, as well as bond indenture, tax compliance and reimbursement agreement covenants.
- Protect the assets and funds entrusted to the Authority.

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

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

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

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

The adopted policy provides for the following:

- Allows for the Authority to use derivatives to increase its financing flexibility.
- Insures that derivatives are used appropriately and not for speculative purposes.

- Provides detailed and conservative criteria regarding qualifications of firms making swap payments (counterparties) or providing financial guarantees, including collateral requirements and exposure limits, to insure that the Authority maintains maximum flexibility and security when negotiating a specific derivative agreement.
- Provides for detailed monitoring and evaluation on an ongoing basis to identify all actual and potential risks associated with outstanding and anticipated derivative agreements.
- Requires Board approval of each agreement based upon guidelines provided for in the policy.
- Enhances price transparency by requiring derivative products to be competitively bid (unless the Board approves an alternative method).
- Allows the Board the flexibility to change the policy in the future in response to market conditions, new products, or other factors.

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

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

The Authority’s unrestricted reserves target (defined as the sum of unrestricted cash and investments, unrestricted cash designated for capital projects, unrestricted long-term investments, the O&M Reserve, the O&M Subaccount Reserve and the Renewal and Replacement Reserve) shall be at least 500 days, as of June 5, 2014, of budgeted operating and maintenance expenses for the current fiscal year. (See *Figure 45 in Performance Indicators.*)

	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016 Projected
Unrestricted & Undesignated Cash and Available Funds	\$ 106,366	\$ 113,519	\$ 147,781	\$ 149,719	\$ 161,358	\$ 202,011
Unrestricted & Designated for Specific Capital Projects & Other Commitments	\$ 8,149	\$ 9,063	\$ 9,566	\$ 17,145	\$ 22,588	\$ 31,271
O&M and R&R Reserves	\$ 45,098	\$ 47,829	\$ 52,007	\$ 54,943	\$ 56,387	\$ 57,621
Total Unrestricted & Available Funds per Board Policy	\$ 159,613	\$ 170,411	\$ 209,354	\$ 221,807	\$ 240,333	\$ 290,903
Operating Expenses	\$ 117,841	\$ 119,169	\$ 126,796	\$ 136,821	\$ 142,933	\$ 151,941
<b>Days Cash on Hand</b>	<b>494</b>	<b>522</b>	<b>603</b>	<b>592</b>	<b>614</b>	<b>699</b>

**FIGURE 7 – FY 2011 TO FY 2016 PROJECTED AND HISTORICAL LIQUIDITY**

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

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

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

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

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# **OVERVIEW OF PROJECTED FUND BALANCE**

## OVERVIEW

The Authority Fund Balance is generally defined as the difference between its assets and liabilities. The Authority's fund balance statement projects that FY 2017 cash and investments will decrease by \$31.3M to \$538.4M versus the FY 2016 projected balance of \$569.7M. This decrease of (-5.5%) from the FY 2016 projected is mostly due to capital expenditures from the Authority's revolving line of credit, planned to finance the parking plaza construction. FY 2018 cash and investments are projected to decrease by \$52.4M (-9.7%) to \$485.9M, mainly reflecting an increase in capital and operating expenditures.

	FY 2015 Actuals	FY 2016 Budget	FY 2016 Projected	FY 2017 Budget	FY 2018 Conceptual Budget
<b>Beginning Fund Balance:</b>	\$ 831,558,416	\$ 646,301,132	\$ 664,297,173	\$ 569,669,521	\$ 538,368,853
<b>Source of Funds</b>					
<b>Operating Revenue:</b>					
Receipts from customers	212,608,356	221,133,924	232,521,140	241,671,414	250,809,997
<b>Total Operating Revenue</b>	<b>212,608,356</b>	<b>221,133,924</b>	<b>232,521,140</b>	<b>241,671,414</b>	<b>250,809,997</b>
<b>Non-Operating Revenue &amp; Other Financing:</b>					
Federal Grants received (excluding Quieter Home Program)	7,547,794	11,592,103	10,932,681	1,350,000	9,135,000
Passenger Facility Charges Receipts	36,279,609	39,261,900	40,900,800	41,924,100	42,761,700
Customer Facility Charges Receipts	32,007,745	33,070,709	33,249,002	37,286,862	41,489,264
Revolving line of Credit Proceeds	-	26,217,105	-	57,099,975	29,738,614
Principal Payments received on Notes Receivable	1,528,512	1,608,986	1,608,986	1,705,491	1,801,694
Interest Received from Notes Receivable & Investments	5,747,325	4,724,249	5,785,483	6,535,471	6,575,339
Passenger Facility Charges (PFC) transfer to debt service fund	27,586,211	29,822,000	29,822,000	30,005,333	30,005,333
Customer Facility Charges (CFC) transfer to CFC debt service fund	-	7,923,906	8,045,605	17,827,164	23,563,649
Other Funding Sources	290,549	-	-	-	-
BAB Interest Rebate	4,631,219	4,631,219	4,631,219	4,631,219	4,631,219
<b>Total Non-Operating Revenue</b>	<b>115,618,964</b>	<b>158,852,178</b>	<b>134,975,775</b>	<b>198,365,616</b>	<b>189,701,812</b>
<b>Total Revenues</b>	<b>328,227,320</b>	<b>379,986,101</b>	<b>367,496,915</b>	<b>440,037,030</b>	<b>440,511,808</b>
<b>Use of Funds</b>					
<b>Operating Expenses:</b>					
Payments to Suppliers & Employees	(127,620,731)	(155,427,107)	(151,684,254)	(158,862,314)	(164,063,484)
<b>Total Operating Expenses</b>	<b>(127,620,731)</b>	<b>(155,427,107)</b>	<b>(151,684,254)</b>	<b>(158,862,314)</b>	<b>(164,063,484)</b>
<b>Non-Operating Expenses:</b>					
Capital Expenditures	(43,037,102)	(64,402,199)	(10,705,893)	(41,303,859)	(112,265,330)
Capital Expenditures Financed from Bond Proceeds	(73,462,495)	(24,350,228)	(29,376,580)	(13,646,920)	-
Capital Expenditures Financed from Special Facility Bonds	(107,815,281)	(70,139,037)	(96,441,850)	(10,200,000)	-
Capital Expenditures Financed from Revolving Line of Credit	-	(26,217,105)	-	(57,099,975)	(29,738,614)
Quieter Home Program, net and Joint Studies	(4,711,453)	(3,106,962)	(3,106,962)	(3,206,962)	(3,206,962)
Customer Facility Charges (CFC) Expenditures	(32,007,749)	(57,136,820)	(46,299,438)	(24,596,066)	(17,149,194)
Customer Facility Charges (CFC) transfer to CFC debt service fund	-	(7,923,906)	(8,045,605)	(17,827,164)	(23,563,649)
Passenger Facility Charges (PFC) Expenditures (excluding QHP)	(271,774)	(30,972,629)	(0)	(27,389,652)	(16,349,721)
Passenger Facility Charges (PFC) transfer to debt service fund	(27,586,211)	(29,822,000)	(29,822,000)	(30,005,333)	(30,005,333)
Principal on Bonds and Variable rate debt paid	(16,874,000)	(17,214,000)	(17,209,000)	(17,718,000)	(18,405,000)
Interest and Debt Fees Paid (excl PFC funding)	(45,184,786)	(49,965,989)	(49,875,869)	(66,439,154)	(75,066,449)
Capitalized Interest Debt Service Payment	(536,243)	(204,005)	(204,005)	-	-
Capitalized Interest Special Facility Bonds Payment	(14,162,382)	(16,341,210)	(16,341,210)	-	-
Other Miscellaneous Payments	-	(10,000)	(10,000)	(10,000)	(10,000)
Payment of capital lease	(188,356)	(911,900)	(911,900)	(877,298)	(877,298)
<b>Total Non-Operating Expenses</b>	<b>(367,867,832)</b>	<b>(400,807,990)</b>	<b>(310,440,313)</b>	<b>(312,475,384)</b>	<b>(328,877,550)</b>
<b>Total Expenses</b>	<b>(495,488,563)</b>	<b>(556,235,097)</b>	<b>(462,124,567)</b>	<b>(471,337,698)</b>	<b>(492,941,034)</b>
<b>Excess (Deficit) of Source over Use of Funds</b>	<b>(167,261,243)</b>	<b>(176,248,995)</b>	<b>(94,627,652)</b>	<b>(31,300,668)</b>	<b>(52,429,226)</b>
<b>Ending Fund Balance</b>	<b>\$ 664,297,173</b>	<b>\$ 470,052,137</b>	<b>\$ 569,669,521</b>	<b>\$ 538,368,853</b>	<b>\$ 485,939,628</b>
Unrestricted Cash and Investments	\$ 183,946,611	\$ 191,471,644	\$ 233,562,161	\$ 247,633,983	\$ 190,488,145
Total Bonds Reserves	335,679,772	171,372,722	194,858,338	174,708,852	178,524,971
Total Other Restricted Funds	144,670,790	107,207,771	141,249,022	116,026,017	116,926,512
<b>Ending Fund Balance</b>	<b>\$ 664,297,173</b>	<b>\$ 470,052,137</b>	<b>\$ 569,669,521</b>	<b>\$ 538,368,853</b>	<b>\$ 485,939,628</b>

# FINANCIAL PROJECTIONS

## FINANCIAL PROJECTIONS

Based on the actual results experienced by the Authority during FY 2015 and the budgets for FY 2016, FY 2017 and FY 2018, the following table shows projections for FY 2019.

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

	FY 2015 Actuals	FY 2016 Budget	FY 2017 Budget	FY 2018 Conceptual Budget	FY 2019 Projected
<b>Total Airline Revenue</b>	<b>\$ 102,331,098</b>	<b>\$ 111,189,189</b>	<b>\$ 117,175,589</b>	<b>\$ 124,253,328</b>	<b>\$ 137,042,726</b>
<b>Total Non-Airline Revenue</b>	<b>108,174,175</b>	<b>109,944,735</b>	<b>124,495,825</b>	<b>126,556,668</b>	<b>141,881,502</b>
<b>Total Operating Revenue</b>	<b>210,505,274</b>	<b>221,133,924</b>	<b>241,671,414</b>	<b>250,809,997</b>	<b>278,924,229</b>
<b>Total Operating Expenses before Depreciation &amp; Amortization</b>	<b>140,249,754</b>	<b>157,633,213</b>	<b>166,421,585</b>	<b>171,744,811</b>	<b>177,763,363</b>
<b>Income from Operations before Depreciation &amp; Amortization</b>	<b>70,255,519</b>	<b>63,500,711</b>	<b>75,249,829</b>	<b>79,065,185</b>	<b>101,160,866</b>
<b>Non-Operating Revenue/(Expense)</b>					
Passenger Facility Charges	38,517,355	39,261,900	41,924,100	42,761,700	43,401,700
Customer Facility Charges	32,464,843	33,070,709	37,286,862	41,489,264	42,110,531
Quieter Home Program (net) and Joint Studies	(2,951,847)	(3,106,962)	(3,206,962)	(3,206,962)	(3,215,962)
BAB Interest Rebate	4,631,219	4,631,219	4,631,219	4,631,219	4,631,219
Interest Income	5,747,326	4,724,296	6,535,556	6,574,972	6,278,312
Interest Expense	(59,516,437)	(59,261,100)	(67,082,087)	(67,262,711)	(66,951,549)
Bond Amortization Costs	4,328,300	4,243,249	4,153,112	4,059,229	3,961,442
Other Non-Operating Income/(Expenses)	1,367,096	(10,000)	(10,000)	(10,000)	(10,300)
<b>Total Other Non-Operating Revenue, net</b>	<b>24,587,855</b>	<b>23,553,311</b>	<b>24,231,801</b>	<b>29,036,711</b>	<b>30,205,393</b>
<b>Income before Capital Grant Contributions</b>	<b>94,843,374</b>	<b>87,054,022</b>	<b>99,481,630</b>	<b>108,101,896</b>	<b>131,366,259</b>
Capital Grant Contributions	10,764,946	11,592,103	1,350,000	9,135,000	-
<b>Net Income before Depreciation, Principal &amp; Capital Outlay</b>	<b>\$ 105,608,321</b>	<b>\$ 98,646,125</b>	<b>\$ 100,831,630</b>	<b>\$ 117,236,896</b>	<b>\$ 131,366,259</b>

	FY 2015 Actual	FY 2016 Budget	FY 2017 Budget	FY 2018 Conceptual Budget	FY 2019 Projected
Landing Fee Rate	\$1.88	\$2.15	\$2.21	\$2.33	\$2.93
Terminal Rental Rate	\$129.35	\$144.00	\$146.28	\$156.13	\$164.37
Cost Per Enplanement	\$10.26	\$11.03	\$10.77	\$11.19	\$12.18
Debt Service Coverage	2.24	2.12	2.70	2.18	2.68
Enplanements	9,713,066	9,828,000	10,611,000	10,823,000	10,985,000
% Increase in Enplanements	6.9% <sup>(1)</sup>	1.2%	8.0%	2.0%	1.5%

<sup>(1)</sup> Comparison to FY 2014 actuals

**FIGURE 8 – FY 2015 TO FY 2019 FINANCIAL PROJECTIONS**

# **BUDGET OVERVIEW: REVENUE**

## FY 2017 REVENUE BUDGET – FY 2018 CONCEPTUAL REVENUE BUDGET

	FY 2015 Actuals	FY 2016 Budget	FY 2017 Budget	Inc / (Dec) FY 17 vs FY 16 Budget	% Change	FY 2018 Conceptual Budget	Inc / (Dec) FY 18 Conceptual vs FY 17 Budget	% Change
<b>Operating Revenue:</b>								
<b>Airline Revenue</b>								
Landing Fees	\$ 21,390,056	\$ 24,612,835	\$ 26,620,940	\$ 2,008,105	8.2%	\$ 28,740,510	\$ 2,119,569	8.0%
Aircraft Parking Fees	2,715,854	2,875,302	2,907,647	32,345	1.1%	3,123,922	216,275	7.4%
Building Rentals	50,206,093	53,222,551	54,924,548	1,701,997	3.2%	58,566,935	3,642,387	6.6%
Common Use System Support Charges	1,254,818	1,206,527	1,245,131	38,604	3.2%	1,248,913	3,782	0.3%
Other Aviation Revenue	1,584,599	1,587,163	1,619,773	32,610	2.1%	1,623,620	3,847	0.2%
Security Surcharge	25,179,679	27,684,810	29,857,549	2,172,739	7.8%	30,949,428	1,091,880	3.7%
<b>Total Airline Revenue</b>	<b>102,331,098</b>	<b>111,189,189</b>	<b>117,175,589</b>	<b>5,986,400</b>	<b>5.4%</b>	<b>124,253,328</b>	<b>7,077,740</b>	<b>6.0%</b>
<b>Non-Airline Revenue</b>								
Terminal rent non-Airline	1,506,604	1,428,694	1,241,740	(186,955)	-13.1%	1,257,243	15,503	1.2%
Terminal concessions	21,961,517	21,323,828	23,856,777	2,532,949	11.9%	24,405,854	549,077	2.3%
Rental Car License Fees	26,209,701	25,812,269	28,683,541	2,871,273	11.1%	29,262,688	579,146	2.0%
License Fees Other	4,325,175	4,475,900	4,339,300	(136,600)	-3.1%	4,399,400	60,100	1.4%
Parking Revenue	38,614,429	38,161,518	40,577,290	2,415,772	6.3%	41,019,488	442,198	1.1%
Ground Transportation Permits and Citations	3,018,101	4,179,037	6,242,148	2,063,110	49.4%	6,781,490	539,342	8.6%
Ground Rentals	11,567,849	13,798,184	18,582,841	4,784,657	34.7%	18,453,066	(129,775)	-0.7%
Grant Reimbursements	291,930	292,000	219,900	(72,100)	-24.7%	219,900	-	0.0%
Other Operating Revenue *	678,870	473,304	752,288	278,984	58.9%	757,539	5,251	0.7%
<b>Total Non-Airline Revenue</b>	<b>108,174,175</b>	<b>109,944,735</b>	<b>124,495,825</b>	<b>14,551,091</b>	<b>13.2%</b>	<b>126,556,668</b>	<b>2,060,843</b>	<b>1.7%</b>
<b>Total Operating Revenue</b>	<b>210,505,274</b>	<b>221,133,924</b>	<b>241,671,414</b>	<b>20,537,490</b>	<b>9.3%</b>	<b>250,809,997</b>	<b>9,138,583</b>	<b>3.8%</b>
<b>Interest Income</b>	<b>5,747,326</b>	<b>4,724,296</b>	<b>6,535,556</b>	<b>1,811,260</b>	<b>38.3%</b>	<b>6,574,972</b>	<b>39,416</b>	<b>0.6%</b>
<b>Non-Operating Revenue</b>								
Passenger facility charges	38,517,355	39,261,900	41,924,100	2,662,200	6.8%	42,761,700	837,600	2.0%
Customer facility charges (Rental Car Center)	32,464,843	33,070,709	37,286,862	4,216,153	12.7%	41,489,264	4,202,401	11.3%
Quieter Home Program	12,073,809	11,627,849	11,627,849	-	0.0%	11,627,849	-	0.0%
BAB Interest Rebate	4,631,219	4,631,219	4,631,219	-	0.0%	4,631,219	-	0.0%
Capital grant contributions	10,764,946	11,592,103	1,350,000	(10,242,103)	-88.4%	9,135,000	7,785,000	576.7%
Other Nonoperating Revenue	1,372,370	-	-	-	0.0%	-	-	0.0%
<b>Total Non-Operating Revenue</b>	<b>99,824,543</b>	<b>100,183,780</b>	<b>96,820,030</b>	<b>(3,363,750)</b>	<b>-3.4%</b>	<b>109,645,031</b>	<b>12,825,001</b>	<b>13.2%</b>
<b>Total Revenue</b>	<b>\$316,077,143</b>	<b>\$326,042,000</b>	<b>\$345,027,000</b>	<b>\$ 18,985,000</b>	<b>5.8%</b>	<b>\$367,030,000</b>	<b>\$ 22,003,000</b>	<b>6.4%</b>

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

## BUDGET REVENUE INCREASE / (DECREASE)

### FY 2017 BUDGET REVENUE INCREASE vs FY 2016 BUDGET

**\$19.0M (5.8%)**

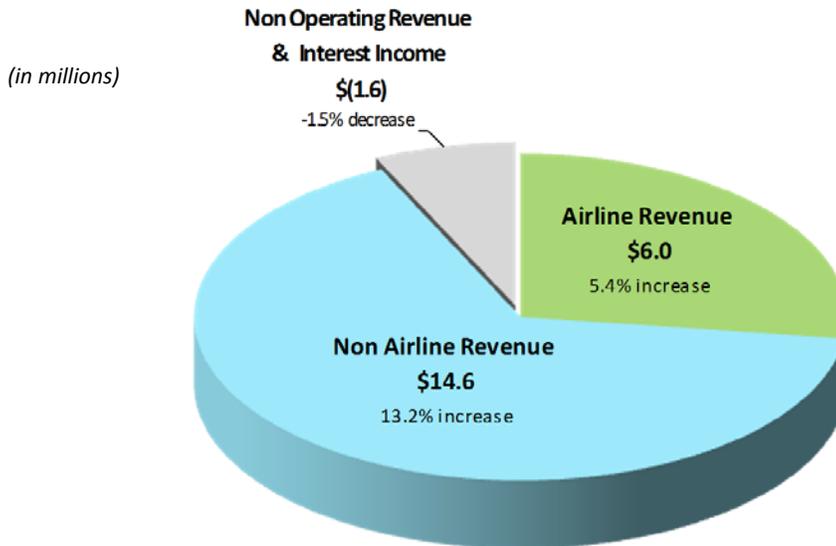


FIGURE 9 – FY 2017 REVENUE VARIANCE

### FY 2018 BUDGET REVENUE INCREASE vs FY 2017 BUDGET

**\$22.0M (6.4%)**

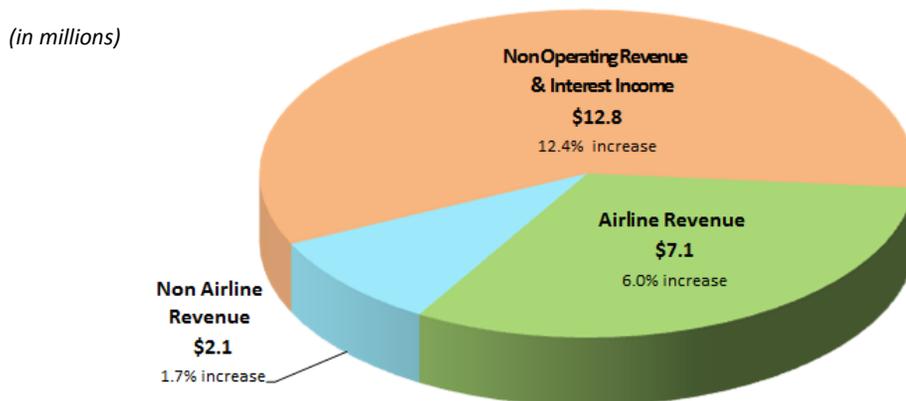
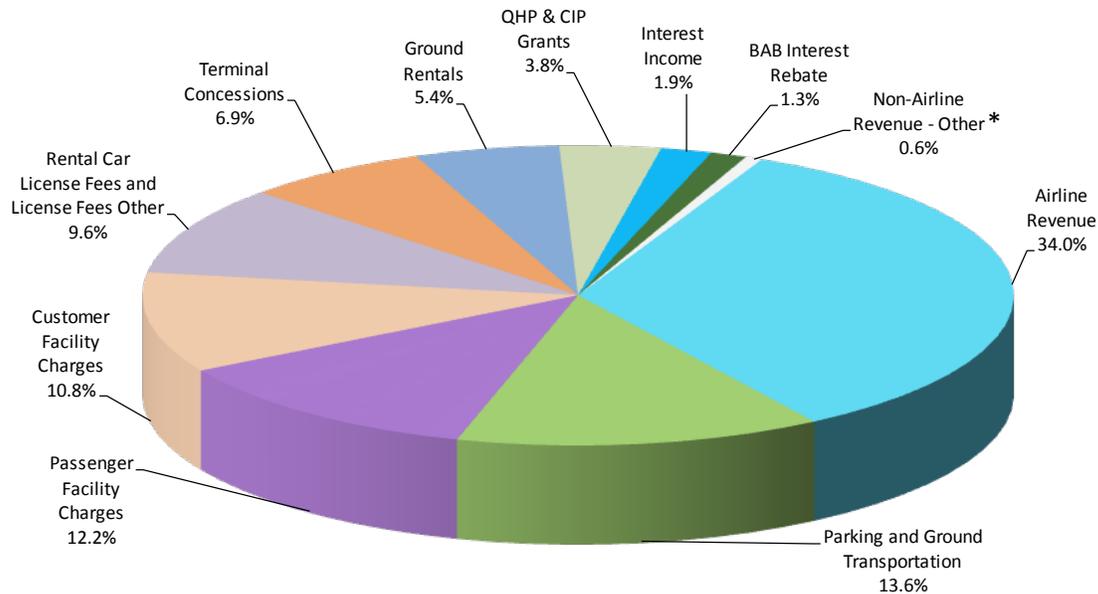


FIGURE 10 – FY 2018 REVENUE VARIANCE

## FY 2017 REVENUE BUDGET BY MAJOR SOURCES

Revenue by Major Sources	FY 2017 Budget
Airline Revenue	\$ 117,175,589
Parking and Ground Transportation	46,819,438
Passenger Facility Charges	41,924,100
Customer Facility Charges	37,286,862
Rental Car License Fees and License Fees Other	33,022,841
Terminal Concessions	23,856,777
Ground Rentals	18,582,841
QHP & CIP Grants	12,977,849
Interest Income	6,535,556
BAB Interest Rebate	4,631,219
Non-Airline Revenue - Other*	2,213,928
<b>Total Revenue <sup>(1)</sup></b>	<b><u><u>\$ 345,027,000</u></u></b>

<sup>(1)</sup> Major Sources total may differ due to rounding.



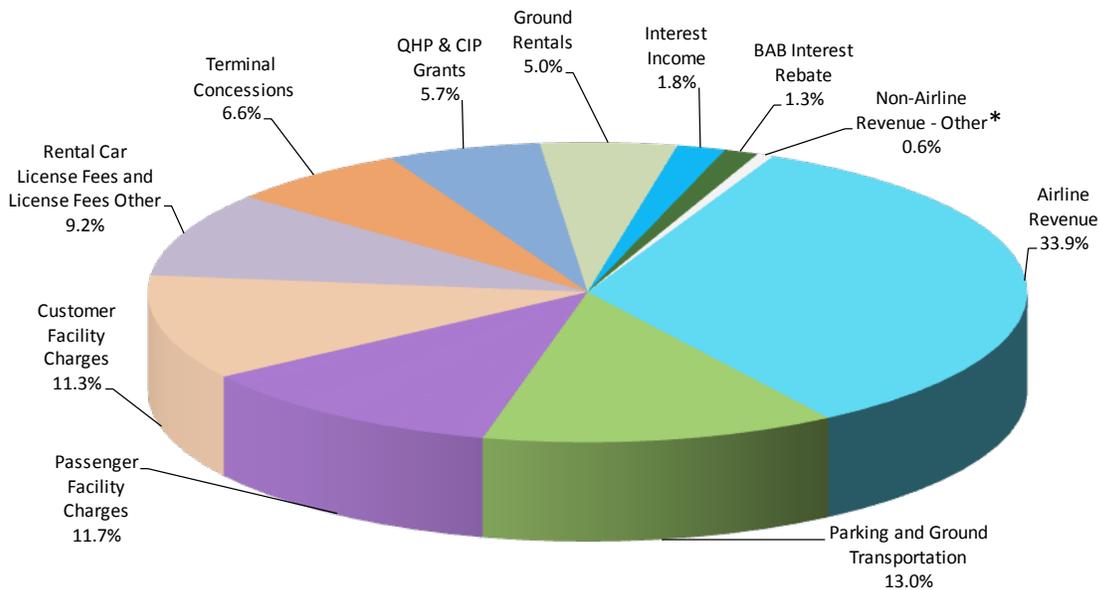
**FIGURE 11 – FY 2017 REVENUE BUDGET BY SOURCES**

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

## FY 2018 REVENUE BUDGET BY MAJOR SOURCES

Revenue by Major Sources	FY 2018 Budget
Airline Revenue	\$ 124,253,328
Parking and Ground Transportation	47,800,978
Passenger Facility Charges	42,761,700
Customer Facility Charges	41,489,264
Rental Car License Fees and License Fees Other	33,662,088
Terminal Concessions	24,405,854
QHP & CIP Grants	20,762,849
Ground Rentals	18,453,066
Interest Income	6,574,972
BAB Interest Rebate	4,631,219
Non-Airline Revenue - Other*	2,234,682
<b>Total Revenue <sup>(1)</sup></b>	<b><u><u>\$ 367,030,000</u></u></b>

<sup>(1)</sup> Major Sources total may differ due to rounding.



**FIGURE 12 – FY 2018 REVENUE BUDGET BY SOURCES**

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

## OVERVIEW

Operating and Non-Operating revenues for FY 2017 are projected to be \$345,027,000, an increase of \$18,985,000 (5.8%) above the FY 2016 Budget. FY 2018 Conceptual Operating and Non-Operating revenues are budgeted to increase by \$22,003,000 (6.4%) over the FY 2017 Budget.

### AIRLINE OPERATING REVENUE

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

#### LANDING FEES

Landing Fees are revenues from passenger and cargo carriers for commercial aircraft landings at the Airport. The fee is set to recover 90.2% in both FY 2017 and FY 2018 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 2017, landing fee revenues are projected to increase to \$26,620,940 which is \$2,008,105 (8.2%) over the FY 2016 Budget, primarily due to increased amortization for new airfield projects to be funded with cash. Estimated landed weight for FY 2017 is projected to increase to 12,108,331 (1,000 pound units), a 5.1% increase from 11,516,829 (1,000 pound units) in the FY 2016 Budget. The combination of higher landed weight and increased net airfield requirement results in the FY 2017 landing fee rate (per 1,000 pounds of maximum gross landed weight) of \$2.21, a 2.6% increase over the FY 2016 Budget landing fee of \$2.15.

In FY 2018, landing fee revenues are projected to increase by \$2,119,569 (8.0%) to \$28,740,510 over the FY 2017 Budget. The increase reflects higher net airfield expenses and increased amortization for new airfield projects to be funded with cash. The FY 2018 landing fee rate (per 1,000 pounds of maximum gross landed weight) is projected to increase to \$2.33, (5.3%), an increase over the FY 2017 budgeted landing fee of \$2.21, mainly reflecting a combination of increased net airfield costs and a 2.0% increase in projected landed weight to 12,350,246 (1,000 pound units) from 12,108,331 (1,000 pound units).

#### AIRCRAFT PARKING FEES

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

In FY 2017, aircraft parking fees are projected to generate revenues of \$2,907,647, a \$32,345 (1.1%) increase over the FY 2016 Budget. This increase primarily reflects an increase in net airfield costs.

In FY 2018, aircraft parking fees are projected to increase by \$216,275 (7.4%) over the FY 2017 Budget.

#### BUILDING RENTALS

FY 2017 Building Rental revenues reflect recovery of terminal building costs allocated to airline occupied facilities. The FY 2017 Budget projection of \$54,924,548 is an increase of \$1,701,997 (3.2%) over the FY 2016 Budget. The FY 2017 terminal rental rate of \$146.28 per square foot, versus \$144.00 per square foot in the FY 2016 Budget, mainly reflects higher operating and maintenance expenses for terminal facilities, an increase in debt service and an increase in amortization for new terminal projects to be funded with cash.

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

In FY 2018, Building Rentals revenue is projected to increase by \$3,642,387 (6.6 %) over the FY 2017 Budget due to higher operating and maintenance expenses for existing and new facilities, and an increase in amortization charges for new terminal projects to be funded with cash. The FY 2018 terminal rental rate is projected to increase to \$156.13 per square foot.

### **COMMON USE SYSTEM SUPPORT CHARGES**

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

FY 2017 Common Use System Support Charges are projected to be \$1,245,131, an increase of \$38,604 (3.2%) over FY 2016 Budget.

In FY 2018 the charges are projected to be relatively flat to the FY 2017 Budget.

### **OTHER AVIATION REVENUE**

Fuel Franchise Fees/Capital Recovery includes fees on fuel delivered to aircraft by the Fixed Base Operator (FBO) and to non-participating airlines by the airline fuel consortium. In addition, this category includes a fuel farm improvement rent, which represents roughly 90% of this revenue category. It is based on a straight-line amortization schedule that will not change in FY 2017 or FY 2018. The remainder of the revenue is generated from airline fuel sales, which are projected to be relatively flat.

### **SECURITY SURCHARGE**

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

The budget for FY 2017 is \$29,857,549, an increase of \$2,172,739 (7.8%) over the FY 2016 Budget. This increase reflects increased cost of services and increase in security checkpoints rent due to higher terminal rate.

In FY 2018, Security Surcharge revenue is projected to increase by \$1,091,880 (3.7%) to \$30,949,428 reflecting the increase in cost of services and increase in security checkpoints rent, due to higher terminal rate.

### **NON-AIRLINE OPERATING REVENUE**

Non-Airline Operating revenue budgeted numbers were derived by analyzing the current agreements, recent trends, projected future events and historic revenue patterns, taking into consideration the projected FY 2017 enplaned passenger traffic. The FY 2017 Budget assumes 10.61 million enplaned passengers, which represents an 8.0% increase from the 9.83 million enplanements used in the FY 2016 Budget and a 2.5% increase over the 10.35 million FY 2016 year end projected enplanements. FY 2018 enplanements are projected to grow to 10.82 million, a 2.0% increase over the FY 2017 Budget enplanements.

### **TERMINAL RENT NON-AIRLINE**

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

The budget for FY 2017 is \$1,241,740, representing a decrease of \$186,955 (-13.1%) over the FY 2016 Budget primarily due to decrease in rented square footage in some leases. The FY 2018 Budget is projected to increase by a nominal \$15,503 (1.2%) over the FY 2017 Budget.

## **TERMINAL CONCESSIONS**

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

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

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

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

The FY 2017 Budget for Terminal Concessions is \$23,856,777, an increase of \$2,532,949 (11.9%) over the FY 2016 Budget. This is due to increased passenger traffic and stronger gross sales per passenger.

FY 2018 revenues are budgeted at \$24,405,854, an increase of \$549,077 (2.3%) over the FY 2017 Budget. This reflects an increase in food/beverage and retail revenue due primarily to increased passenger traffic.

## **RENTAL CAR LICENSE FEE**

Rental Car License Fee revenue includes fees received from rental car companies that conduct business at the Airport and cost recovery of operations/maintenance costs of Rental Car Center (RCC). The agreement calls for rental car companies to pay the Authority a fee equaling 10% of gross sales.

In FY 2016, rental car license fees are projected at \$28,683,541, an increase of \$2,871,273 (11.1%) over the FY 2016 Budget reflecting increased passenger traffic and a full year of RCC cost recovery.

FY 2018 revenues are projected at \$29,262,688, an increase of \$579,146 (2.0%) due to higher enplanements.

## **LICENSE FEES – OTHER**

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

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

FY 2017 revenues are budgeted at \$4,339,300, a decrease of \$136,600 (-3.1%) from the FY 2016 Budget due to consolidation of ground handling services by airlines.

In FY 2018, license fees revenues are projected to increase by a nominal \$60,100 (1.4%) to \$4,399,400 due to higher enplanements.

## **PARKING**

Parking revenue is generated from approximately 7,000 spaces located on Airport parking lots, including parking lots in front of the terminals and remote, long-term parking operations located on Harbor Drive and Pacific Highway.

The FY 2017 revenue is budgeted at \$40,577,290, a projected increase of \$2,415,772 (6.3%) from the FY 2016 Budget primarily reflecting an increase in parking rates for short term lots and increased enplanements. Those increases are partially offset by a decrease in utilization and spaces during construction of the parking plaza.

The FY 2018 Budget is \$41,019,488, a projected increase of \$442,198 (1.1%), primarily reflecting increased transactions due to higher enplanements.

### **GROUND TRANSPORTATION PERMITS AND CITATIONS**

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

FY 2017 revenue projections of \$6,242,148, an increase of \$2,063,110 (49.4%) over the FY 2016 Budget, primarily reflecting increased expenses, increased trips by commercial operators and increased premium on user fees for non-converted vehicles.

In FY 2018, these revenues are budgeted at \$6,781,490, an increase of \$539,342 (8.6%) mostly reflecting increased premium on user fees for non-converted vehicles.

### **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 2017 revenue is budgeted at \$18,582,841, an increase of \$4,784,657 (34.7%) over the FY 2016 Budget primarily due to a full year of RCC operation. In FY 2018, revenues are budgeted at \$18,453,006, an decrease of \$129,775 (-0.7%), mainly due to estimated contractual increases.

Ground Rental Percentage revenue includes percentage revenues received from rental car vehicle storage and occasional trailer storage.

FY 2017 Budgeted revenues are \$663,582, an increase of \$350,110 (111.7%) from the FY 2016 Budget due to continuous operations of vehicle storage for rental car vehicles. In FY 2018 revenues are budgeted at \$335,109, a decrease of \$328,473 (-49.5%), due to end of vehicle storage for rental car vehicles agreement.

### **GRANT REIMBURSEMENTS (OPERATING)**

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

The FY 2017 and FY 2018 budgeted Grant Reimbursement revenue is \$219,900 a nominal decrease vs. FY 2016 Budget.

### **OTHER OPERATING REVENUES**

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

In FY 2017, these revenues are budgeted to increase by \$278,984 (58.9%) from the FY 2016 Budget primarily due to an increase in finger printing. FY 2018 revenues are budgeted to increase by a nominal \$5,251 (0.7%).

### **INTEREST INCOME**

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

In FY 2017 interest income is budgeted at \$6,535,556, a projected increase of \$1,811,260 (38.3%) from the FY 2016 Budget reflecting a projected increase in interest rates and cash balances.

In FY 2018, these revenues are projected at \$6,574,972, a nominal increase of \$39,416 (0.6%) over the FY 2017 Budget reflecting a projected increase in interest rates and a decrease in cash balances.

## **Non-Operating Revenue**

### **PASSENGER FACILITY CHARGES**

Passenger Facility Charges (PFCs) revenue is comprised of a \$4.50 charge (net \$4.39 to the Airport after deduction of \$0.11 for the airline processing fee) paid by each ticketed passenger that boards an airplane at the Airport. The FY 2017 Budget is based on the projected number of enplaned passengers for FY 2017 at an estimated collection rate of 90%. Certain types of passengers, including military, are excluded from paying the PFCs.

FY 2017 PFC revenues are budgeted at \$41,924,100, an increase of \$2,662,200 (6.8%) from the FY 2016 Budget due to higher enplaned passengers.

In FY 2018, PFC revenues are projected at \$42,761,700, an increase of \$837,600 (2.0%) over the FY 2017 Budget reflecting increases in enplaned passengers.

### **CUSTOMER FACILITY CHARGES**

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

For FY 2017, CFC revenues are projected at \$37,286,862, an increase of \$4,216,153 (12.7%) over the FY 2016 Budget due to increase in enplaned passengers and increase in rate for the last 6 months of the fiscal year. In FY 2018, CFC revenues are budgeted at \$41,489,264, an increase of \$4,202,401 (11.3%) over the FY 2017 Budget due to higher enplanements and a full year of the higher rate.

### **BUILD AMERICA BOND (BAB) INTEREST REBATE**

BAB Interest Rebate revenue of \$4,631,219 represents a direct federal subsidy of 33.2% of the interest paid on the Series 2010C revenue bonds. In FY 2017 and FY 2018 the estimated revenue is projected to remain flat to FY 2016 Budget.

### **GRANT REIMBURSEMENTS (RESIDENTIAL SOUND ATTENUATION PROGRAM AND CAPITAL)**

The Quieter Home Program (QHP) is a residential sound insulation program for eligible single and multi-family dwellings located within the FAA-accepted San Diego International Airport (SAN) 65-decibel Community Noise Equivalent Level (CNEL) contour. The project is eligible for a maximum Airport Improvement Program (AIP) funding of 80.0% for FY 2017. Recognized grant revenue is related to available funding under grant awards received and the level of expenditures made each year. It is anticipated that the FY 2017 and FY 2018 QHP revenue will be \$11,627,849.

Capital grant contributions are FAA grant awards from a federal program that provides funding for approved capital projects. The FY 2017 capital grant contributions decrease by \$10,242,103 (-88.4%) is primarily due to timing of grant eligible projects. FY 2018 capital grant contributions are budgeted to increase by \$7,785,000 (576.7%) due to timing of grant eligible projects.

# **BUDGET OVERVIEW: EXPENSES**

## FY 2017 EXPENSE BUDGET – FY 2018 CONCEPTUAL EXPENSE BUDGET

	FY 2015 Actuals	FY 2016 Budget	FY 2017 Budget	Inc / (Dec) FY 17 vs FY 16 Budget	% Change	FY 2018 Conceptual Budget	Inc / (Dec) FY 18 Conceptual vs FY 17 Budget	% Change
<b>Operating Expenses:</b>								
<b>Personnel Expenses</b>								
Salaries and Wages	\$ 31,121,811	\$ 33,804,959	\$ 35,094,014	\$ 1,289,055	3.8%	\$ 36,950,799	\$ 1,856,784	5.3%
Premium Overtime	861,308	699,500	664,500	(35,000)	-5.0%	664,500	-	0.0%
Employee Benefits	13,436,749	17,275,552	16,293,173	(982,379)	-5.7%	17,164,628	871,456	5.3%
Subtotal	45,419,868	51,780,011	52,051,687	271,676	0.5%	54,779,927	2,728,240	5.2%
Less: Capitalized Labor	(5,424,186)	(5,936,320)	(5,833,173)	103,147	-1.7%	(6,244,809)	(411,635)	7.1%
Less: QHP - Labor/Burden/Labor Overhead	(784,323)	(674,897)	(662,631)	12,265	-1.8%	(684,707)	(22,075)	3.3%
<b>Total Personnel Expenses</b>	<b>39,211,360</b>	<b>45,168,794</b>	<b>45,555,883</b>	<b>387,088</b>	<b>0.9%</b>	<b>47,850,412</b>	<b>2,294,529</b>	<b>5.0%</b>
<b>Non-Personnel Expenses</b>								
Contractual Services	32,422,051	38,273,668	44,698,463	6,424,796	16.8%	44,825,395	126,932	0.3%
Safety and Security	24,156,148	27,054,383	29,061,387	2,007,004	7.4%	29,917,194	855,807	2.9%
Space Rental	10,433,251	10,428,514	10,191,450	(237,064)	-2.3%	10,191,450	-	0.0%
Utilities	10,151,923	13,121,913	12,903,213	(218,700)	-1.7%	13,611,308	708,094	5.5%
Maintenance	13,824,283	13,303,671	14,665,767	1,362,096	10.2%	15,279,164	613,397	4.2%
Operating Equipment & Systems	1,811,565	573,065	365,314	(207,751)	-36.3%	375,192	9,878	2.7%
Operating Supplies	481,494	416,210	446,912	30,702	7.4%	441,899	(5,012)	-1.1%
Insurance	1,145,376	1,322,477	1,012,758	(309,719)	-23.4%	1,045,818	33,060	3.3%
Employee Programs	1,117,914	1,339,274	1,328,398	(10,876)	-0.8%	1,297,687	(30,711)	-2.3%
Business Development	2,484,624	2,777,327	2,564,368	(212,959)	-7.7%	3,282,200	717,832	28.0%
Equipment Rentals & Repairs	2,214,042	2,803,917	2,727,672	(76,245)	-2.7%	2,637,093	(90,580)	-3.3%
Tenant Improvements	795,723	1,050,000	900,000	(150,000)	-14.3%	990,000	90,000	10.0%
<b>Total Non-Personnel Expenses</b>	<b>101,038,395</b>	<b>112,464,418</b>	<b>120,865,702</b>	<b>8,401,284</b>	<b>7.5%</b>	<b>123,894,399</b>	<b>3,028,697</b>	<b>2.5%</b>
<b>Total Operating Expenses</b>	<b>140,249,754</b>	<b>157,633,213</b>	<b>166,421,585</b>	<b>8,788,372</b>	<b>5.6%</b>	<b>171,744,811</b>	<b>5,323,226</b>	<b>3.2%</b>
<b>Non-Operating Expenses:</b>								
Joint Studies/Sound Attenuation	15,025,656	14,734,811	14,834,811	100,000	0.7%	14,834,811	-	0.0%
Debt Service	71,988,437	72,418,977	80,841,954	8,422,977	11.6%	96,086,878	15,244,924	18.9%
Legal Settlements Expense	800	10,000	10,000	-	0.0%	10,000	-	0.0%
<b>Total Non-Operating Expenses</b>	<b>87,019,368</b>	<b>87,163,788</b>	<b>95,686,765</b>	<b>8,522,977</b>	<b>9.8%</b>	<b>110,931,689</b>	<b>15,244,924</b>	<b>15.9%</b>
<b>Total Expenses</b>	<b>227,269,122</b>	<b>244,797,000</b>	<b>262,108,350</b>	<b>17,311,350</b>	<b>7.1%</b>	<b>282,676,500</b>	<b>20,568,150</b>	<b>7.8%</b>
<b>Equipment Outlay</b>	<b>577,955</b>	<b>932,000</b>	<b>1,525,650</b>	<b>593,650</b>	<b>63.7%</b>	<b>1,320,500</b>	<b>(205,150)</b>	<b>-13.4%</b>
<b>Total Authority Expenses incl Equip Outlay</b>	<b>\$ 227,847,077</b>	<b>\$ 245,729,000</b>	<b>\$ 263,634,000</b>	<b>\$ 17,905,000</b>	<b>7.3%</b>	<b>\$ 283,997,000</b>	<b>\$ 20,363,000</b>	<b>7.7%</b>

## FY 2017 BUDGET EXPENSE VARIANCE

### FY 2017 BUDGET EXPENSE INCREASE vs FY 2016 BUDGET

**\$17.9M (7.3%)**

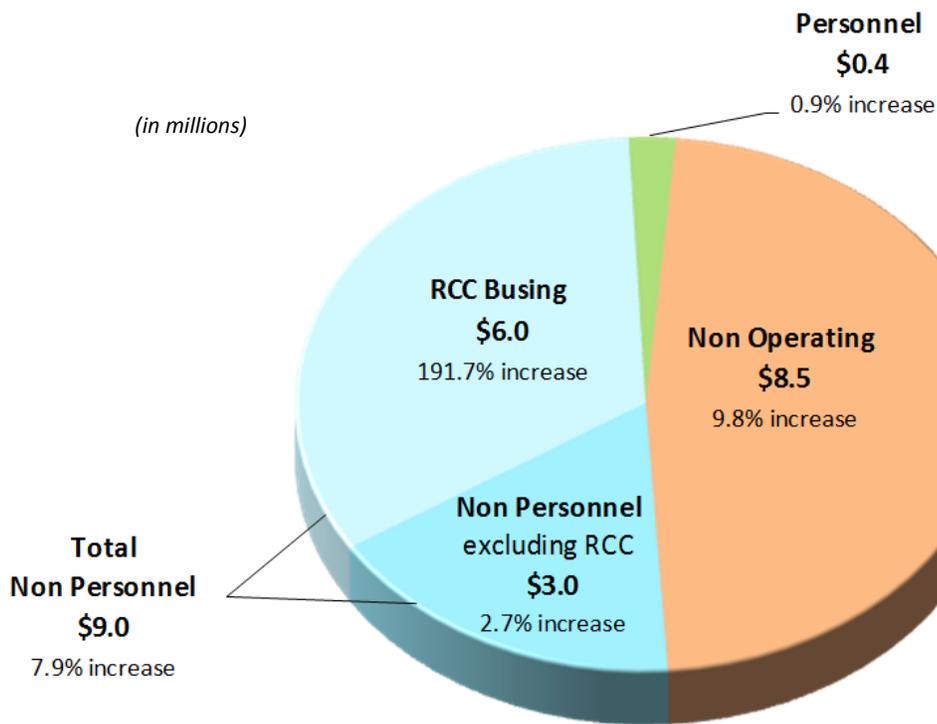


FIGURE 13 – 2017 EXPENSE VARIANCE

## MAJOR DRIVERS OF FY 2017 BUDGET

	<b>Total Inc / (Dec) FY 2017 Budget vs FY 2016 Budget</b>	<b>Expense Category</b>
<b>Total Increase in Expenses including Equipment Outlay</b>	<b>\$ 17,905,000</b>	
<b>Personnel:</b>		
Contracted wage increases and pay-for-performance	1,021,008	Salaries & Wages
6 new and 1 eliminated position (salaries & burden)	406,296	Salaries & Wages, Employee Benefits
Decrease in overtime, capitalized labor and burden (benefits & employer taxes)	(1,040,216)	Salaries & Wages, Overtime, Capitalized Labor and Employee Benefits
<b>Total Increase / (Decrease) in Personnel</b>	<b>387,088</b>	
<b>Non Operating:</b>		
Interest on Special Facility Bonds	8,170,605	Debt Service
Variable rate debt - Parking Plaza	126,035	Debt Service
American Disability Act (ADA) program study	100,000	Joint Studies
Other, net	126,337	Debt Service
<b>Total Increase / (Decrease) in Non-Operating</b>	<b>8,522,977</b>	
<b>Non Personnel:</b>		
<b>Operations Division</b>		
Rental Car Center (RCC) busing	5,963,480	Contractual Services
Law enforcement costs - Harbor Police Department	901,989	Safety and Security
Major maintenance	750,000	Maintenance
Access control system	650,000	Safety and Security
Security guard services	420,000	Safety and Security
Vehicle replacements	392,000	Equipment Outlay
Hood vent maintenance for concessionaires	294,342	Contractual Services
Airfield pavement and striping	243,000	Maintenance
Aircraft Rescue and Fire Fighting (ARFF) contract costs	230,158	Safety and Security
Fuel and vehicle maintenance	(115,000)	Maintenance
RCS radio service	(170,068)	Contractual Services
Utilities	(225,195)	Utilities
Parking and shuttle operations	(350,910)	Contractual Services
<b>Development Division</b>		
Environmental Requirements	798,000	Contractual Services
Refurbishment of jet bridges	\$ 240,000	Maintenance

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

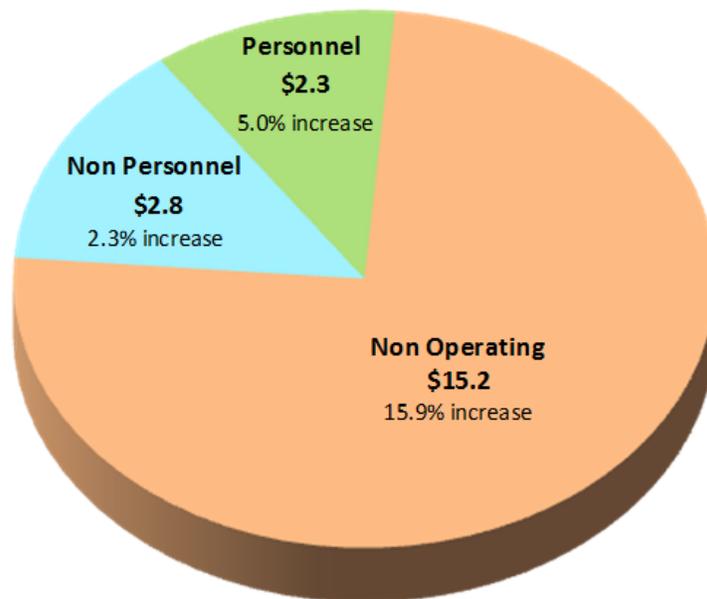
	Total Inc / (Dec) FY 2017 Budget vs FY 2016 Budget	Expense Category
<b>Executive Division</b>		
Risk Management safety consultants	\$ 119,222	Contractual Services
Air service marketing incentive	(125,000)	Business Development
Property insurance	(309,719)	Insurance
Legal services	(375,000)	Contractual Services
<b>Finance</b>		
Parking credit card fees	128,709	Contractual Services
Tenant improvements	(150,000)	Tenant Improvements
IT equipment purchases	(175,000)	Equipment Outlay
Taxi hold lot lease	(237,064)	Space rental
Other, net	96,990	
<b>Total Within Divisions</b>	<b>8,994,934</b>	
<b>Total Increase / (Decrease)</b>	<b>\$ 17,905,000</b>	

## FY 2018 BUDGET EXPENSE VARIANCE

### FY 2018 BUDGET INCREASE vs FY 2017 BUDGET

**\$20.4M (7.7%)**

*(in millions)*



**FIGURE 14 – 2018 EXPENSE VARIANCE**

## MAJOR DRIVERS OF FY 2018 CONCEPTUAL BUDGET

	<b>Total Inc / (Dec) FY 2018 Budget vs. FY 2017 Budget</b>	<b>Expense Category</b>
<b>Total Increase in Expenses including Equipment Outlay</b>	<b>\$ 20,363,000</b>	
<b>Personnel:</b>		
Contracted wage increases and pay-for-performance	1,078,316	Salaries and Wages
8 new positions (salaries & burden)	751,978	Salaries and Wages, Employee Benefits
Increase in Salaries, Capitalized Labor and Burden (benefits & employer taxes)	464,236	Salaries & Wages, Overtime, Capitalized Labor and Employee Benefits
<b>Total Increase / (Decrease) in Personnel</b>	<b>2,294,530</b>	
<b>Non Operating:</b>		
Variable rate debt - Parking Plaza	9,556,456	Debt Service
Principal on Special Facility Bonds	5,580,000	Debt Service
Other, net	108,468	Debt Service
<b>Total Increase / (Decrease) in Non-Operating</b>	<b>15,244,924</b>	
<b>Non Personnel:</b>		
<b>Operations</b>		
Utilities	706,094	Utilities
Airfield pavement and striping	550,000	Maintenance
Law enforcement costs - Harbor Police Department	546,171	Safety and Security
Parking and shuttle operations	390,710	Contractual Services
Hood vent maintenance for concessionaires	166,000	Contractual Services
Aircraft Rescue and Fire Fighting (ARFF) contract costs	156,862	Safety and Security
<b>Executive</b>		
Sponsorships and marketing activities	509,650	Business Development and Contractual Services
Other, net	(201,942)	
<b>Total Within Divisions</b>	<b>2,823,547</b>	
<b>Total Increase / (Decrease)</b>	<b>\$ 20,363,000</b>	

## Overview

In FY 2017, SDCRAA total expenses, including debt service and equipment outlay, are projected to increase to \$263,634,000 from \$245,729,000 in the FY 2016 Budget. This represents an increase of \$17,905,000 (7.3%). The FY 2018 Conceptual Budget anticipates total expenses increasing to \$283,997,000, representing an increase of \$20,363,000 (7.7%).

## Operating Expenses

### Personnel Expenses

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

In FY 2017, salaries and wages, including overtime, are projected to increase by \$1,254,055 (3.6%) over the FY 2016 Budget, reflecting a net increase of five (5) Full-Time Equivalent (FTE) positions, wage and salary increases required under union contract agreements and pay-for-performance increases for non-union employees. Employee benefits are projected to decrease by \$982,379 (-5.7%) from the FY 2016 Budget primarily due to a decrease in the required pension contribution. These combined factors, together with lower capitalized labor expenses, resulted in a net increase of \$387,088 (0.9%) in the FY 2017 Budget over the FY 2016 Budget for personnel expenses.

In FY 2018, salaries and wages, including overtime, are projected to increase by \$1,856,784 (5.2%), reflecting a net increase of eight (8) FTE positions, wage and salary increases required under union contract agreements and pay-for-performance increases for non-union employees. Employee benefits expenses are projected to increase by \$871,456 (5.3%) reflecting increased costs associated with retirement and health benefits. These combined factors, together with higher capitalized labor expenses are projected to result in a net increase of \$2,294,529 (5.0%) in FY 2018.

### Non-Personnel Expenses

#### CONTRACTUAL SERVICES

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

In FY 2017, Contractual Services are budgeted to have a net increase of \$6,424,796 (16.8%) over the FY 2016 Budget, reflecting a full year of RCC busing operation costs and increases in environmental requirements.

In FY 2018, Contractual Services are budgeted to increase slightly, \$126,932 (0.3%), mainly due to planned contractual increases.

#### SAFETY AND SECURITY

Safety and Security expenses are law enforcement, Aircraft Rescue and Fire Fighting (ARFF), paramedic, inspection/guard services and other similar services. Law enforcement services are provided under a service level agreement with the San Diego Unified Port District. Fire, rescue and emergency response services are provided by The City of San Diego.

In FY 2017, Safety and Security costs are projected to increase by \$2,007,004 (7.4%) over the FY 2016 Budget.

The increase primarily reflects an increase in Harbor Police costs, an increase in contract security services costs and increase in the City of San Diego Error! Reference source not found.costs.

FY 2018 Safety and Security costs are projected to increase by \$855,807 (2.9%) over the FY 2017 Budget. The majority of this increase reflects contractual increases for Harbor Police, ARFF and Emergency Medical Services (EMS).

### **SPACE RENTAL**

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

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

FY 2018 Space Rental cost is projected to remain flat compared to the FY 2017 Budget.

### **UTILITIES**

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

FY 2017 utilities costs are projected to decrease by \$218,700 (-1.7%) from the FY 2016 Budget mainly reflecting lower than expected electricity rate increase.

FY 2018 utilities costs are budgeted to increase by \$708,094 (5.5%) over the FY 2017 Budget, mainly due to anticipated electricity rate increases.

### **MAINTENANCE**

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

FY 2017 Maintenance expense is projected to increase by \$1,362,096 (10.2%) from the FY 2016 Budget, primarily reflecting anticipated increased costs in major maintenance projects as a result of Facility Condition Assessment (FCA) report.

FY 2018 Maintenance expense is projected to increase by \$613,397 (4.2%) mainly reflecting increase in airfield pavement and striping costs.

### **OPERATING EQUIPMENT AND SYSTEMS**

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

FY 2017 Operating Equipment and Systems cost is projected to decrease by \$207,751 (-36.3%) from the 2016 Budget due to lower negotiated rates for software maintenance and savings in equipment purchases.

FY 2018 Operating Equipment and Systems expenses are projected to stay relatively flat to FY 2017 Budget.

### **OPERATING SUPPLIES**

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

FY 2017 and FY 2018 Operating Supplies expenses are projected to remain nearly flat.

### **INSURANCE**

FY 2017 Insurance expense is projected to decrease by \$309,719 (-23.4%) from the FY 2016 Budget due to better than expected negotiated insurance rates.

FY 2018 Insurance expense is projected to increase by \$33,060 (3.3%) over the FY 2017 Budget reflecting an increase in insurance premiums.

### **EMPLOYEE PROGRAMS**

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

FY 2017 Employee Programs expense is projected to have a slight decrease of \$10,876 (-0.8%) from the FY 2016 Budget.

FY 2018 Employee Programs expense is projected to further decrease by \$30,711 (-2.3%) to the FY 2017 Budget.

### **BUSINESS DEVELOPMENT**

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

FY 2017 Business Development expense is projected to decrease by \$212,959 (-7.7%) from the FY 2016 Budget due to reduction in international air service marketing costs and reduction of promotional materials that were needed for the RCC opening.

FY 2018 Business Development expense is projected to increase over the FY 2017 Budget by \$717,832 (28.0%), due to sponsorships and marketing activities.

### **EQUIPMENT RENTALS AND REPAIRS**

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

FY 2017 Equipment Rentals and Repairs expense is projected to decrease by \$76,245 (-2.7%) from the FY 2016 Budget, mainly reflecting savings due to less than expected costs on some maintenance contracts such as Gatekeeper and AVI/SAS. Savings also expected in the cost of T2 CUPPS expansion.

FY 2018 Equipment Rentals and Repairs expense is projected to decrease \$90,580 (-3.3%) from the FY 2017 Budget for expected savings on computer license fees due to replacement of the ePM host service in FY 2017.

### **TENANT IMPROVEMENTS**

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

FY 2017 Tenant Improvement expense is projected to decrease by \$150,000 (-14.3%) from the FY 2016 Budget, reflecting no relocations planned for the next year.

FY 2018 Tenant Improvement expense is projected to increase by \$90,000 (10.0%) from the FY 2017 Budget.

## **Non-Operating Expenses**

### **JOINT-STUDIES/SOUND ATTENUATION**

The associated costs of Airport facilities studies and the QHP are expected to increase by \$100,000 (0.7%) from the FY 2016 Budget due to Americans with Disabilities Act (ADA) Compliance Program.

FY 2018 is expected to stay flat.

## **DEBT SERVICE**

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

FY 2017 Debt Service costs are projected to increase by \$8,422,977 (11.6%) over the FY 2016 Budget, primarily due to an increase in interest expense on the 2014 Special Facility Bonds.

In FY 2018 Debt Service costs are projected to increase by \$15,244,924 (18.9%) due to debt service costs for the 2014 Special Facility Bonds and principal payments on variable rate debt.

## **EQUIPMENT OUTLAY**

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

In FY 2017, these requests are projected to increase by \$593,650 (63.7%) over the FY 2016 Budget, reflecting vehicle replacements.

FY 2018 Equipment Outlay expenses are expected to decrease by \$205,150 (-13.4%).

## FY 2017 EXPENSE BUDGET BY DIVISION

Divisions	FY 2017 Budget
Operations	\$ 110,164,986
Debt Service	80,841,954
Development	27,478,522
Finance & Asset Management	26,853,232
Executive	18,295,307
<b>Total <sup>(1)</sup></b>	<b><u>\$ 263,634,000</u></b>

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

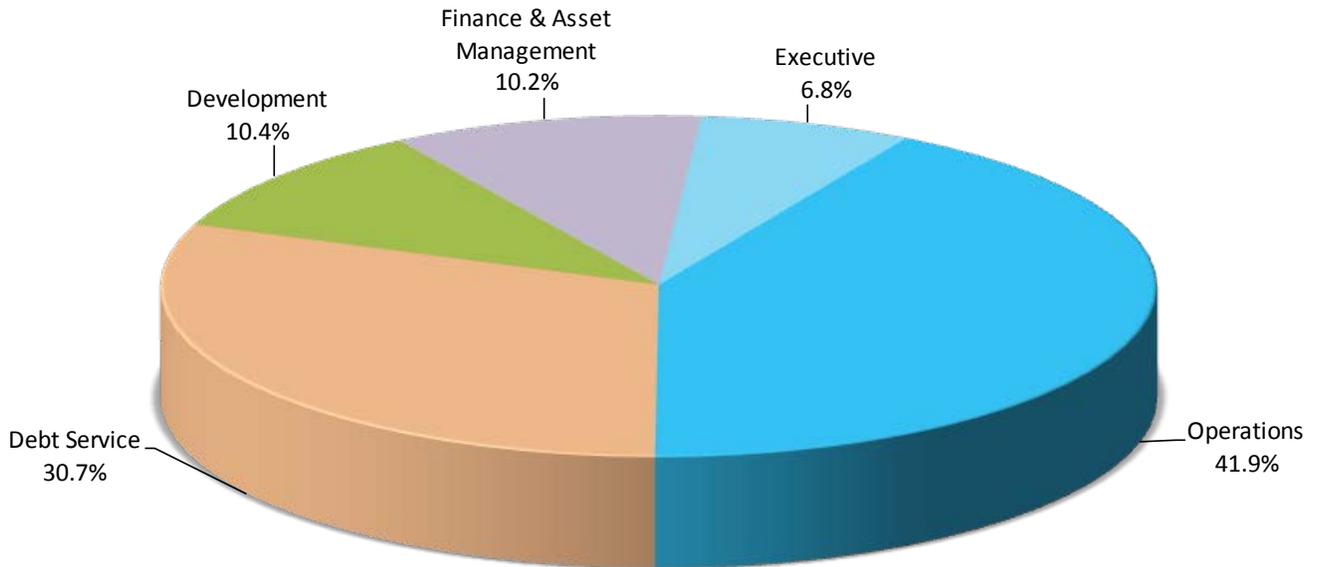


FIGURE 15 – FY 2017 EXPENSE BUDGET BY DIVISION

## FY 2018 EXPENSE BUDGET BY DIVISION

Divisions	FY 2018 Conceptual Budget
Operations	\$ 113,931,288
Debt Service	96,086,878
Development	27,489,440
Finance & Asset Management	27,135,610
Executive	19,353,784
<b>Total <sup>(1)</sup></b>	<b><u>\$ 283,997,000</u></b>

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

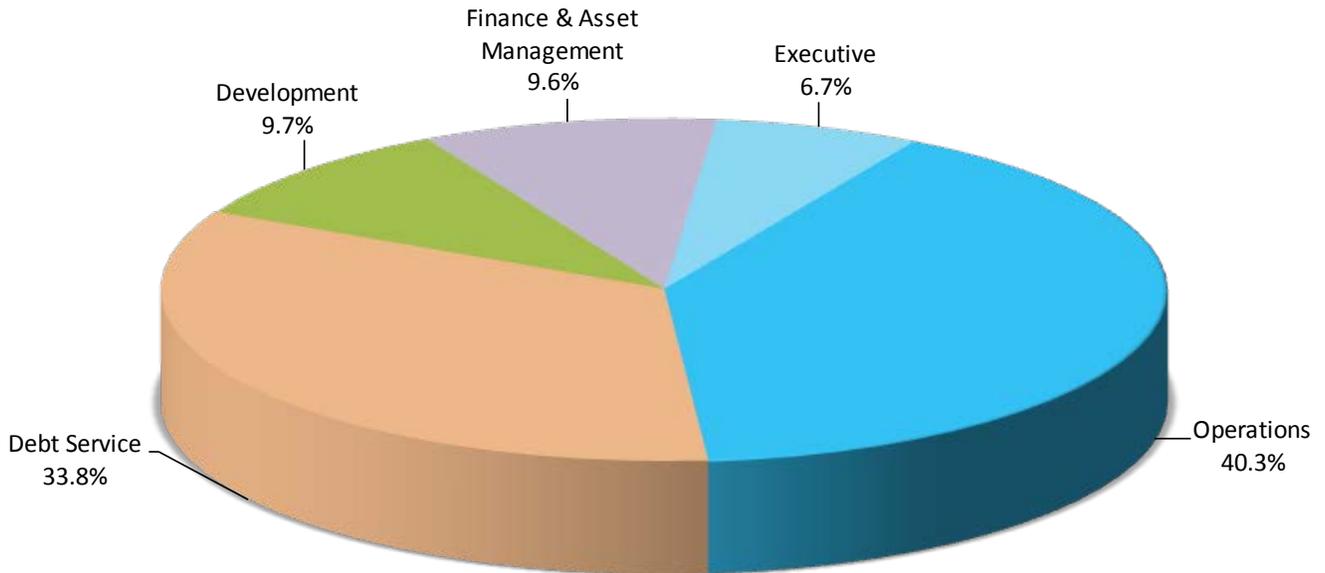
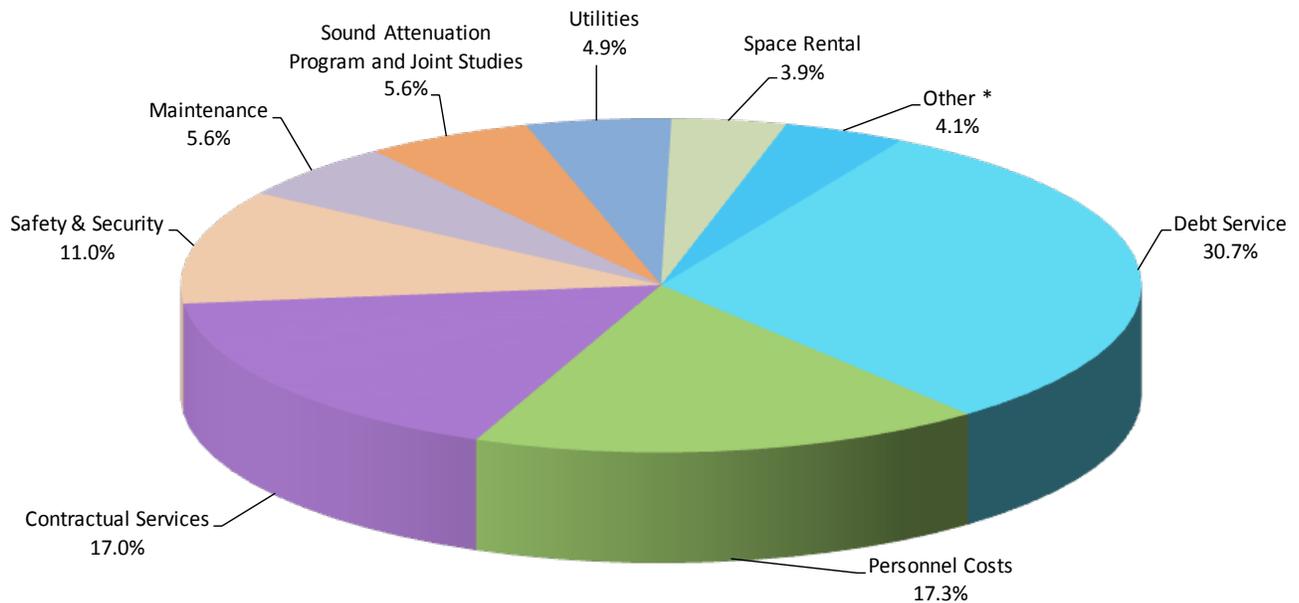


FIGURE 16 – FY 2018 EXPENSE BUDGET BY DIVISION

## FY 2017 EXPENSE BUDGET BY CATEGORY

Category	FY 2017 Budget
Debt Service	\$ 80,841,954
Personnel Costs	45,555,883
Contractual Services	44,698,463
Safety & Security	29,061,387
Maintenance	14,665,767
Sound Attenuation Program and Joint Studies	14,844,811
Utilities	12,903,213
Space Rental	10,191,450
Other *	10,871,072
<b>Total <sup>(1)</sup></b>	<b>\$ 263,634,000</b>

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



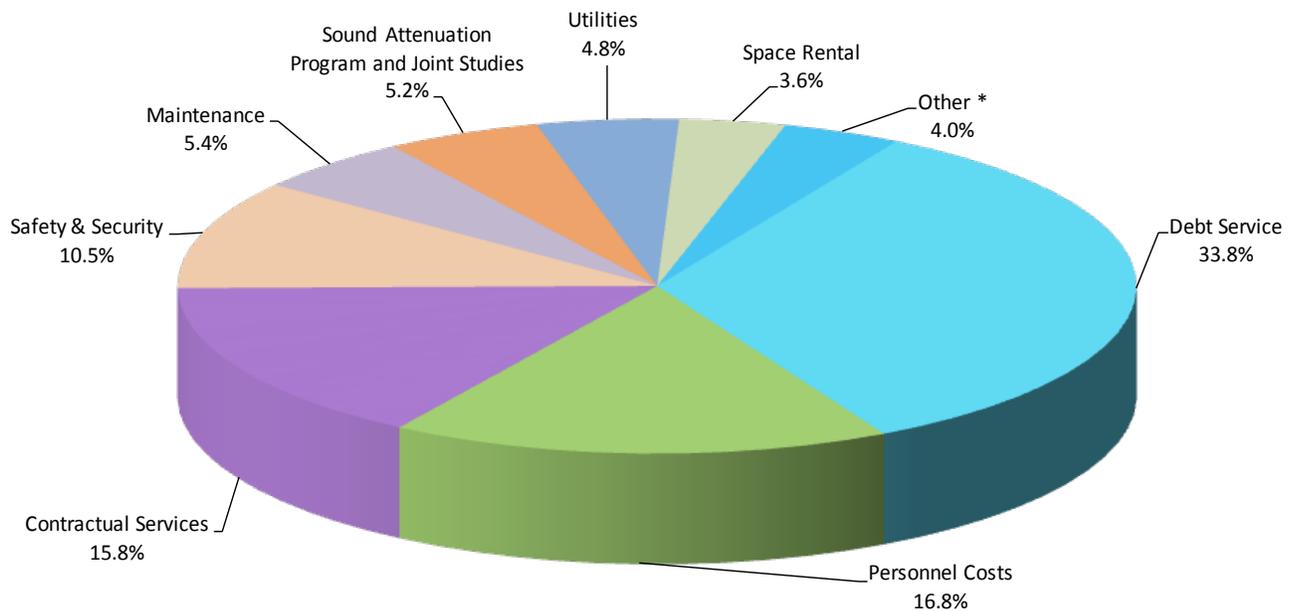
\* Other includes: equipment rentals and repair, business development employee programs, insurance, tenant improvements, operating equipment and supplies and equipment outlay.

FIGURE 17 – FY 2017 EXPENSE BUDGET BY CATEGORY

## FY 2018 EXPENSE BUDGET BY CATEGORY

Category	FY 2018 Conceptual Budget
Debt Service	\$ 96,086,878
Personnel Costs	47,850,412
Contractual Services	44,825,395
Safety & Security	29,917,194
Maintenance	15,279,164
Sound Attenuation Program and Joint Studies	14,844,811
Utilities	13,611,308
Space Rental	10,191,450
Other *	11,390,389
<b>Total <sup>(1)</sup></b>	<b>\$ 283,997,000</b>

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



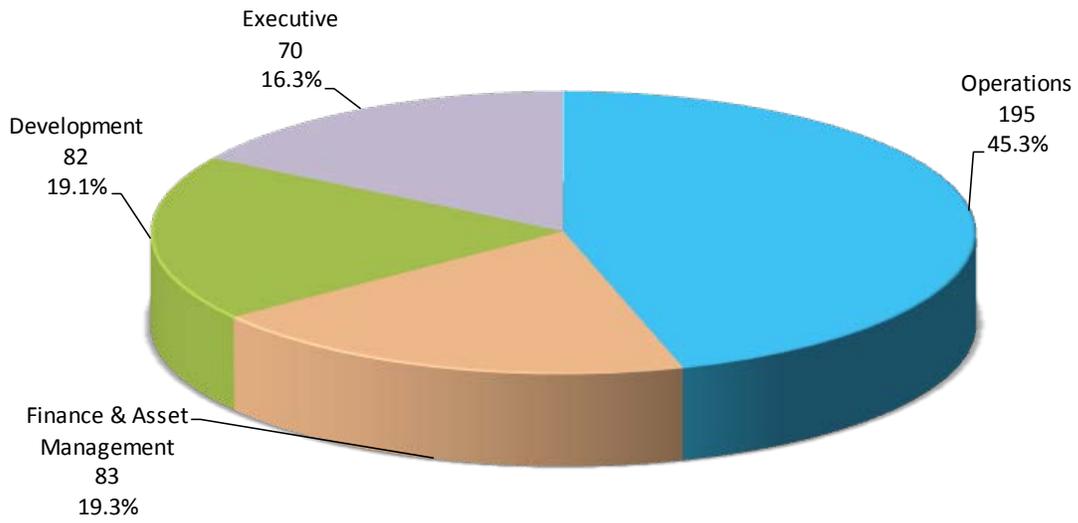
\* Other includes: equipment rentals and repair, business development employee programs, insurance, tenant improvements, operating equipment and supplies and equipment outlay.

FIGURE 18 – FY 2018 EXPENSE BUDGET BY CATEGORY

## DIVISION PERSONNEL SUMMARY

	FY 2015 Budget	FY 2016 Budget	FY 2017 Budget Transfers	FY 2017 Budget New / (Eliminated)	FY 2017 Budget	FY 2018 Budget New/ (Eliminated)	FY 2018 Conceptual Budget
<b>Executive</b>							
Executive Office	4	4	0	0	4	0	4
Corporate and Information Governance	8	9	0	0	9	0	9
Air Service Development	2	3	0	0	3	0	3
Talent, Culture & Capability	17	17	0	0	17	1	18
Vision, Voice & Engagement	14	14	0	1	15	1	16
Inter-governmental Relations	3	3	-1	0	2	0	2
Risk Management	5	5	1	1	7	0	7
General Counsel	6	6	0	0	6	0	6
Chief Auditor	8	8	0	-1	7	0	7
<b>Total Executive Division</b>	<b>67</b>	<b>69</b>	<b>0</b>	<b>1</b>	<b>70</b>	<b>2</b>	<b>72</b>
<b>Operations</b>							
Terminal & Tenants	14	14	0	1	15	0	15
Aviation Security & Public Safety	11	12	0	0	12	1	13
Airside Operations	17	18	0	0	18	0	18
Ground Transportation	60	64	0	0	64	0	64
Facilities Management	83	84	0	2	86	3	89
<b>Total Operations Division</b>	<b>185</b>	<b>192</b>	<b>0</b>	<b>3</b>	<b>195</b>	<b>4</b>	<b>199</b>
<b>Finance &amp; Asset Management</b>							
Business & Financial Management	25	26	0	0	26	0	26
Accounting	12	12	0	0	12	0	12
Information & Technology Services	27	29	0	0	29	0	29
Procurement & Small Business Development	15	15	0	0	15	0	15
Business Development	1	1	0	0	1	0	1
<b>Total Finance &amp; Asset Management Division</b>	<b>80</b>	<b>83</b>	<b>0</b>	<b>0</b>	<b>83</b>	<b>0</b>	<b>83</b>
<b>Development</b>							
Facilities Development	39	39	0	0	39	2	41
Airport Design & Construction	15	13	0	0	13	0	13
Environmental Affairs	9	9	0	1	10	0	10
Airport Planning & Noise Mitigation	20	20	0	0	20	0	20
<b>Total Development Division</b>	<b>83</b>	<b>81</b>	<b>0</b>	<b>1</b>	<b>82</b>	<b>2</b>	<b>84</b>
<b>Total Positions</b>	<b>415</b>	<b>425</b>	<b>0</b>	<b>5</b>	<b>430</b>	<b>8</b>	<b>438</b>

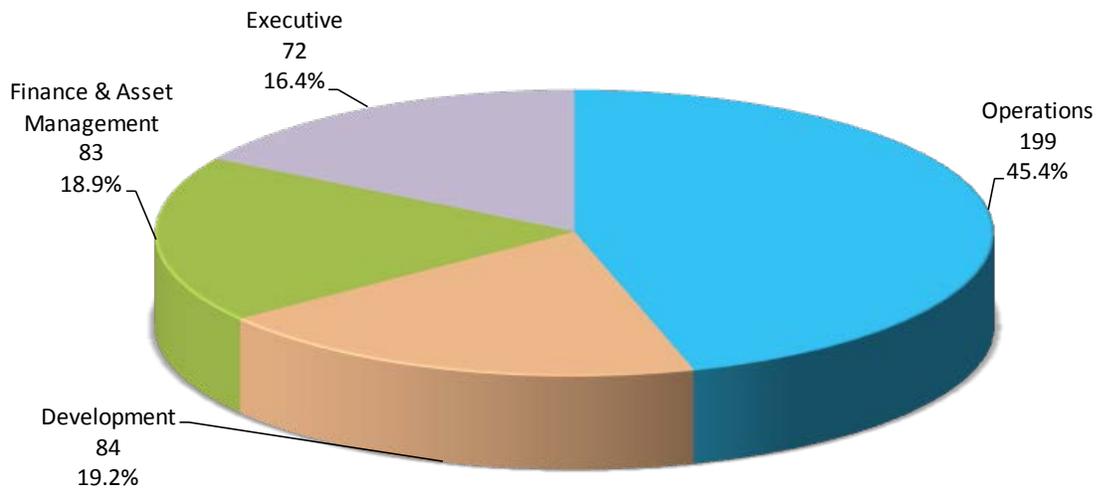
### FY 2017 PERSONNEL BUDGET BY DIVISION



**FY 2017 Total Authorized Positions: 430**

**FIGURE 19 – FY 2017 PERSONNEL BUDGET BY DIVISION**

### FY 2018 PERSONNEL BUDGET BY DIVISION



**FY 2018 Total Authorized Positions: 438**

**FIGURE 20 – FY 2018 PERSONNEL BUDGET BY DIVISION**

## PERSONNEL CHANGES FY 2017 BUDGET vs FY 2016 BUDGET

<u>Division</u>	<u>Department</u>	<u>Proposed New Position</u>
Operations	Terminals & Tenants	Terminals & Tenants Relations Specialist I (Limited)
Operations	Facilities Management	Maintenance Project Inspector
Operations	Facilities Management	Maintenance Worker I (Limited)
		<b>3</b>
Development	Environmental Affairs	Associate Environmental Specialist
		<b>1</b>
Executive	Risk Management	Safety & Loss Prevention Analyst II
Executive	Vision, Voice & Engagement	Airport Art Program Coordinator II
		<b>2</b>
Executive	Chief Auditor	Auditor (Eliminated)
		<b>-1</b>
<b>Total proposed new positions</b>		<b>5</b>

FIGURE 21 – PERSONNEL CHANGES FY 2017 BUDGET vs FY 2016 BUDGET

## PERSONNEL CHANGES FY 2018 CONCEPTUAL BUDGET vs FY 2017 BUDGET

<u>Division</u>	<u>Department</u>	<u>Proposed New Position</u>
Operations	Aviation Security/Public Safety	Communication Center Specialist
Operations	Facilities Management	Contract Administrator
Operations	Facilities Management	Inspector, Planner & Estimator
Operations	Facilities Management	Project Manager
		<b>4</b>
Executive	Talent Culture & Capability	Project Manager
Executive	Vision, Voice & Engagement	Marketing Specialist II
		<b>2</b>
Development	Facilities Development	Construction Manager
Development	Facilities Development	Senior Construction Inspector
		<b>2</b>
<b>Total proposed new positions</b>		<b>8</b>

FIGURE 22 – PERSONNEL CHANGES FY 2018 CONCEPTUAL BUDGET vs FY 2017 BUDGET

# EXECUTIVE DIVISION

## EXECUTIVE DIVISION Overview

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

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

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

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

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

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

Other responsibilities include:

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

The **OFFICE OF THE CHIEF AUDITOR** provides professional internal auditing services to promote full accountability, efficiency and effectiveness of services by the Authority to the traveling public and the airlines. The Office of the Chief Auditor reports to the Audit Committee of the Board and performs audits in accordance with current professional standards and provides recommendations to enhance the Authority's internal control system. As authorized by the Board, the Office of the Chief Auditor is responsible for administering the Authority Ethics Program and confidential Hotline Reporting System.

Other responsibilities include assisting management in maintaining the financial and operational integrity of the Authority, as well as analyzing and assessing the Authority's financial data, operations and programs for compliance with applicable laws, policies, procedures and mandates.

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

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

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

The **AIR SERVICE DEVELOPMENT DEPARTMENT** develops and implements strategies aimed at enhancing air service to San Diego International Airport. The Department also:

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

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

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

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

The **RISK MANAGEMENT DEPARTMENT** is responsible for coordinating with insurance brokers and carriers to identify risk exposures and securing and maintaining insurance coverage to protect the Authority's property and people assets at reasonable costs. In addition, the department oversees defense and/ or presentation of first and third party claims asserted on behalf of or against the Authority; the oversight of employee safety initiatives as required by OSHA and Cal OSHA guideline; employee wellness programs such as ergonomic initiatives as well as implementing and reviewing strategic risk management strategies encompassing hazard, reputational and financial risk throughout the organization.

The **INTER-GOVERNMENTAL RELATIONS DEPARTMENT** develops and implements the Authority's legislative and regulatory program and monitors and analyzes legislative and regulatory actions at the federal, state and local

levels. The department also provides advocacy services, in conjunction with contracted advocates in Sacramento and Washington D.C., in support of important Authority initiatives and programs.

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

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

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

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

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

Key Responsibilities:

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

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

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

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

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

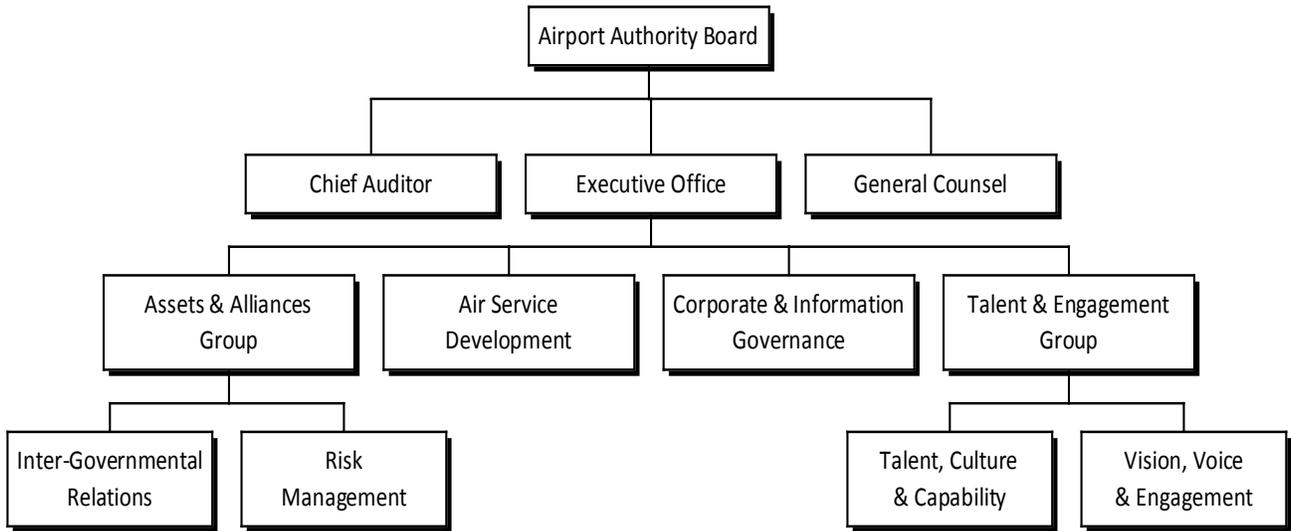
contributes to the Airport's vision by promoting regional prosperity and cultural tourism. The Arts Program has three main components: Temporary Exhibits, Performing Art and Public Art.

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

**Key Responsibilities:**

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

**EXECUTIVE DIVISION  
FY 2017 – FY 2018 Organizational Structure**



**Division Personnel Summary**

	FY 2015 Budget	FY 2016 Budget	FY 2017 Budget Transfers	FY 2017 Budget New/ (Eliminated)	FY 2017 Budget	FY 2018 Budget New/ (Eliminated)	FY 2018 Conceptual Budget
<b>Executive</b>							
Executive Office	4	4	-	-	4	-	4
Corporate and Information Governance	8	9	-	-	9	-	9
Air Service Development	2	3	-	-	3	-	3
Talent, Culture & Capability	17	17	-	-	17	1	18
Vision, Voice & Engagement	14	14	-	1	15	1	16
Inter-governmental Relations	3	3	(1)	-	2	-	2
Risk Management	5	5	1	1	7	-	7
General Counsel	6	6	-	-	6	-	6
Chief Auditor	8	8	-	(1)	7	-	7
<b>Total Authorized Positions</b>	<b>67</b>	<b>69</b>	<b>-</b>	<b>1</b>	<b>70</b>	<b>2</b>	<b>72</b>

**EXECUTIVE DIVISION**  
**FY 2017 Budget – FY 2018 Conceptual Budget Expense Summary**

	<b>FY 2015 Actuals</b>	<b>FY 2016 Budget</b>	<b>FY 2017 Budget</b>	<b>Inc / (Dec) FY 17 vs FY 16 Budget</b>	<b>% Change</b>	<b>FY 2018 Conceptual Budget</b>	<b>Inc / (Dec) FY 18 Conceptual vs FY 17 Budget</b>	<b>% Change</b>
<b>Operating Expenses:</b>								
<b>Personnel Expenses</b>								
Salaries and Wages	\$ 6,110,060	\$ 6,787,113	\$ 7,221,020	\$ 433,907	6.4%	\$ 7,616,336	\$ 395,316	5.5%
Premium Overtime	2,116	-	-	-	0.0%	-	-	0.0%
Employee Benefits	2,886,087	3,118,540	3,072,588	(45,952)	-1.5%	3,214,589	142,001	4.6%
Subtotal	8,998,263	9,905,654	10,293,609	387,955	3.9%	10,830,925	537,317	5.2%
<i>Less: Capitalized Labor</i>	<i>(26,080)</i>	<i>(103,298)</i>	-	103,298	-100.0%	-	-	0.0%
<i>Less: QHP - Labor/Burden/Labor Overhead</i>	-	-	-	-	0.0%	-	-	0.0%
<b>Total Personnel Expenses</b>	<b>8,972,183</b>	<b>9,802,356</b>	<b>10,293,609</b>	<b>491,253</b>	<b>5.0%</b>	<b>10,830,925</b>	<b>537,317</b>	<b>5.2%</b>
<b>Non-Personnel Expenses</b>								
Contractual Services	3,104,238	4,147,350	4,009,972	(137,378)	-3.3%	3,848,522	(161,450)	-4.0%
Safety and Security	-	-	-	-	0.0%	-	-	0.0%
Space Rental	2,800	1,200	1,200	-	0.0%	1,200	-	0.0%
Utilities	19,750	3,400	1,975	(1,425)	-41.9%	1,975	-	0.0%
Maintenance	-	-	-	-	0.0%	-	-	0.0%
Operating Equipment & Systems	11,180	86,400	23,800	(62,600)	-72.5%	34,400	10,600	44.5%
Operating Supplies	42,340	38,935	38,025	(910)	-2.3%	38,075	50	0.1%
Insurance	1,145,376	1,322,477	1,012,758	(309,719)	-23.4%	1,045,818	33,060	3.3%
Employee Programs	500,192	591,405	582,123	(9,282)	-1.6%	600,378	18,255	3.1%
Business Development	1,762,168	1,938,902	2,126,395	187,493	9.7%	2,826,941	700,546	32.9%
Equipment Rentals & Repairs	102,956	72,325	95,450	23,125	114.5%	80,550	(14,900)	-68.9%
Tenant Improvements	-	-	-	-	0.0%	-	-	0.0%
<b>Total Non-Personnel Expenses</b>	<b>-</b>	<b>8,202,394</b>	<b>7,891,698</b>	<b>(310,696)</b>	<b>-3.8%</b>	<b>8,477,859</b>	<b>586,161</b>	<b>7.4%</b>
<b>Total Operating Expenses</b>	<b>15,663,182</b>	<b>18,004,750</b>	<b>18,185,307</b>	<b>180,557</b>	<b>1.0%</b>	<b>19,308,784</b>	<b>1,123,478</b>	<b>6.2%</b>
<b>Non-Operating Expenses:</b>								
Joint Studies/Sound Attenuation	-	-	-	-	0.0%	-	-	0.0%
Debt Service	-	-	-	-	0.0%	-	-	0.0%
Legal Settlements Expense	800	10,000	10,000	-	0.0%	10,000	-	0.0%
<b>Total Non-Operating Expenses</b>	<b>800</b>	<b>10,000</b>	<b>10,000</b>	<b>-</b>	<b>0.0%</b>	<b>10,000</b>	<b>-</b>	<b>0.0%</b>
<b>Total Expenses</b>	<b>15,663,982</b>	<b>18,014,750</b>	<b>18,195,307</b>	<b>180,557</b>	<b>1.0%</b>	<b>19,318,784</b>	<b>1,123,478</b>	<b>6.2%</b>
Equipment Outlay	8,417	5,000	100,000	95,000	1900.0%	35,000	(65,000)	-65.0%
<b>Total Executive Division Expenses</b>	<b>\$ 15,672,399</b>	<b>\$ 18,019,750</b>	<b>\$ 18,295,307</b>	<b>\$ 275,557</b>	<b>1.5%</b>	<b>\$ 19,353,784</b>	<b>\$ 1,058,478</b>	<b>5.8%</b>

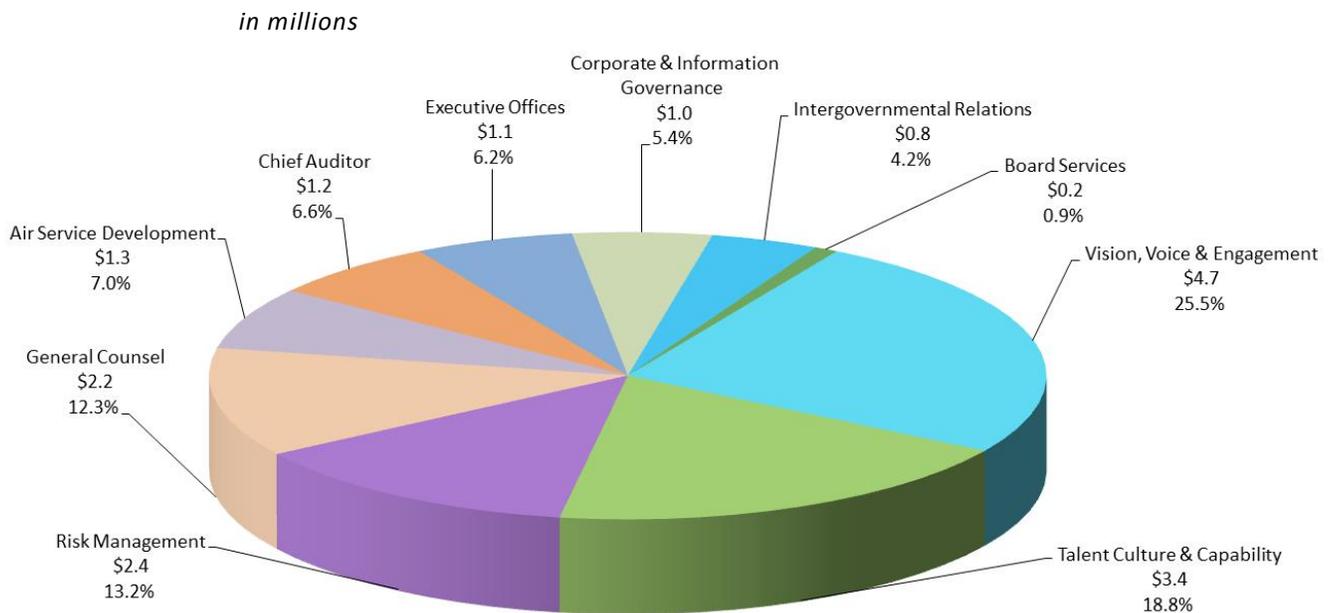
**EXECUTIVE DIVISION**  
**Major Drivers of FY 2017 Budget & FY 2018 Conceptual Budget**

	<b>Inc / (Dec) FY 17 vs FY 16</b>	<b>Inc / (Dec) FY 18 Conceptual vs FY 17</b>
<b>FY 2016 Budget / FY 2017 Budget</b>	<b>\$ 18,019,750</b>	<b>\$ 18,295,307</b>
<b>Personnel Costs</b>		
Salary adjustments and pay-for-performance	357,650	200,435
1 New position of Art Program Coordinator II (salaries & burden)	106,859	-
1 New position Safety & Loss Prevantion Analyst II (salaries & burden)	104,691	-
Capitalized labor	103,298	-
Burden (benefits & employer taxes) for current staff	(78,998)	76,579
1 Eliminated position Auditor (salaries & burden)	(102,248)	-
1 New position of Marketing Specialist II (salaries & burden)	-	115,503
1 New position of Project Manager (salaries & burden)	-	144,800
<b>Total Increase / (Decrease) in Personnel Costs</b>	<b>491,253</b>	<b>537,317</b>
Transfer CDP marketing from Terminal & Tenants in Operations division	420,000	30,000
Risk Management safety consultants	119,222	(15,000)
Sponsorships and marketing activities	40,800	509,650
International air service marketing costs	(125,000)	-
Property insurance	(309,719)	33,060
Legal services	(375,000)	-
Other, net	14,001	(36,549)
<b>Total Increase / (Decrease) in Non-Personnel Costs</b>	<b>(215,696)</b>	<b>521,161</b>
<b>Total Increase / (Decrease)</b>	<b>275,557</b>	<b>1,058,478</b>
<b>FY 2017 Budget / FY 2018 Conceptual Budget</b>	<b>\$ 18,295,307</b>	<b>\$ 19,353,784</b>

## EXECUTIVE DIVISION FY 2017 Expense Budget by Department

Departments	FY 2017 Budget
Vision, Voice & Engagement	\$ 4,656,435
Talent Culture & Capability	3,442,595
Risk Management	2,414,791
General Counsel	2,246,277
Air Service Development	1,279,371
Chief Auditor	1,209,163
Executive Offices	1,131,124
Corporate & Information Governance	985,435
Intergovernmental Relations	764,317
Board Services	165,800
<b>Total <sup>(1)</sup></b>	<b>\$ 18,295,307</b>

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

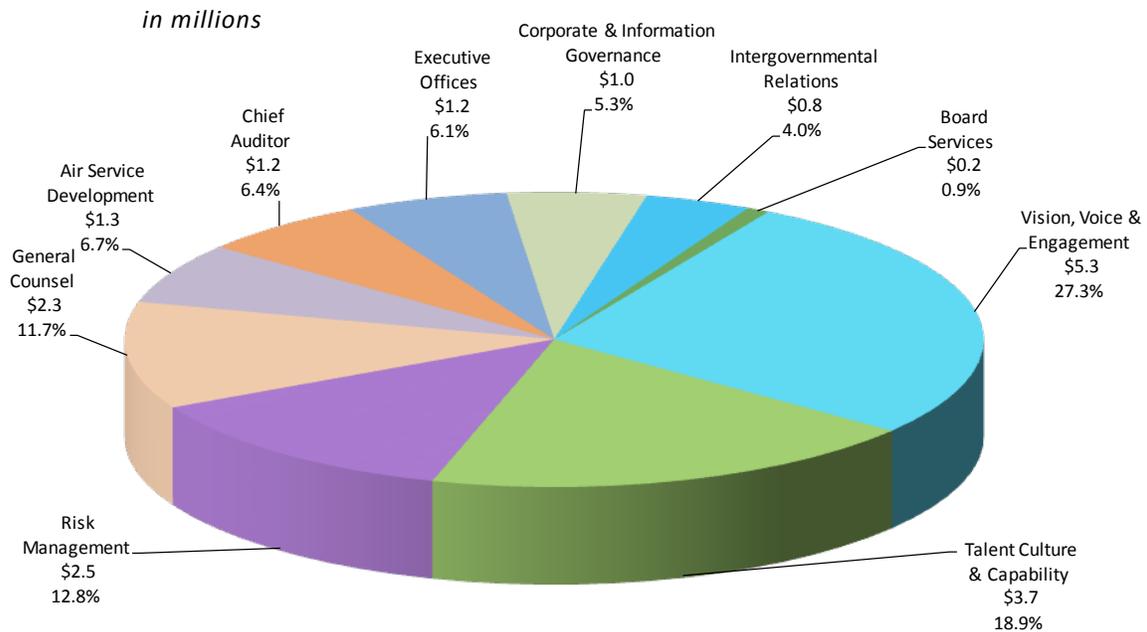


**FIGURE 23 – FY 2017 EXPENSE BUDGET BY DEPARTMENT**

## EXECUTIVE DIVISION FY 2018 Expense Budget by Department

Departments	FY 2018 Conceptual Budget
Vision, Voice & Engagement	\$ 5,284,986
Talent Culture & Capability	3,663,548
Risk Management	2,475,327
General Counsel	2,270,815
Air Service Development	1,292,493
Chief Auditor	1,234,046
Executive Offices	1,175,672
Corporate & Information Governance	1,016,167
Intergovernmental Relations	774,930
Board Services	165,800
<b>Total <sup>(1)</sup></b>	<b><u>\$ 19,353,784</u></b>

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



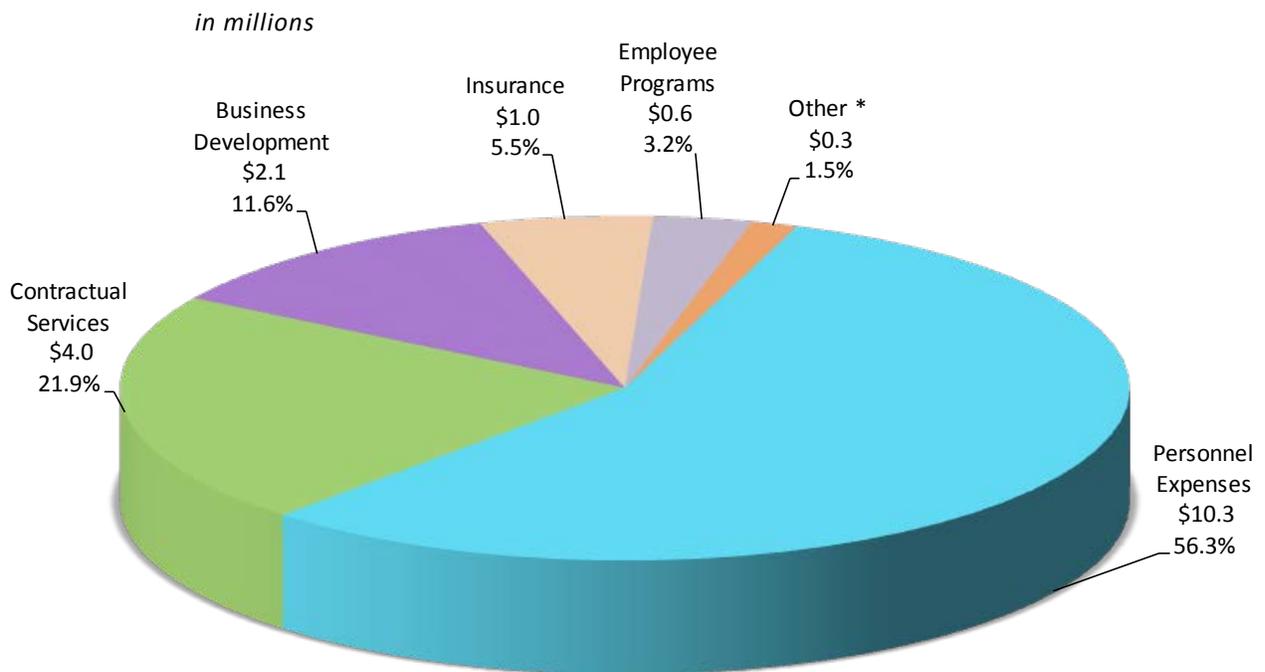
**FIGURE 24 – FY 2018 EXPENSE BUDGET BY DEPARTMENT**

**EXECUTIVE DIVISION  
FY 2017 Expense Budget by Category**

Category	FY 2017 Budget
Personnel Expenses	\$ 10,293,609
Contractual Services	4,009,972
Business Development	2,126,395
Insurance	1,012,758
Employee Programs	582,123
Other *	270,450
<b>Total <sup>(1)</sup></b>	<b><u>\$ 18,295,307</u></b>

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

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



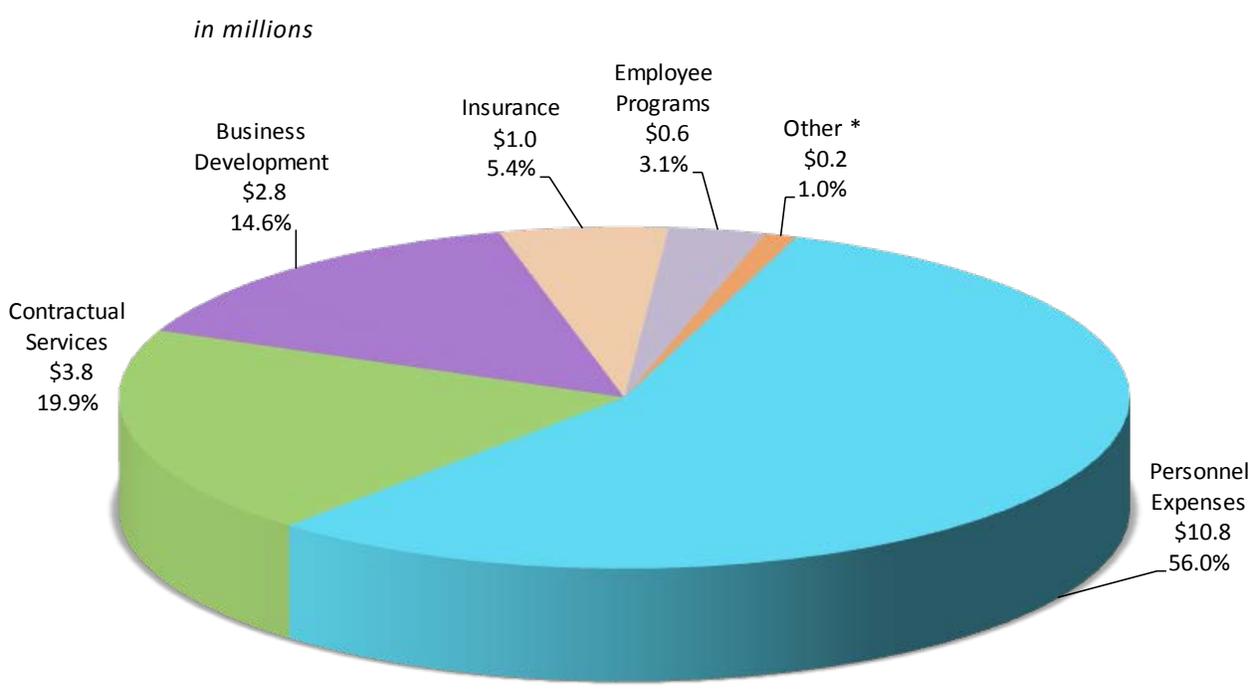
**FIGURE 25 – FY 2017 EXPENSE BUDGET BY CATEGORY**

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

**EXECUTIVE DIVISION  
FY 2018 Expense Budget by Category**

Category	FY 2018 Conceptual Budget
Personnel Expenses	\$ 10,830,925
Contractual Services	3,848,522
Business Development	2,826,941
Insurance	1,045,818
Employee Programs	600,378
Other *	201,200
<b>Total <sup>(1)</sup></b>	<b><u>\$ 19,353,784</u></b>

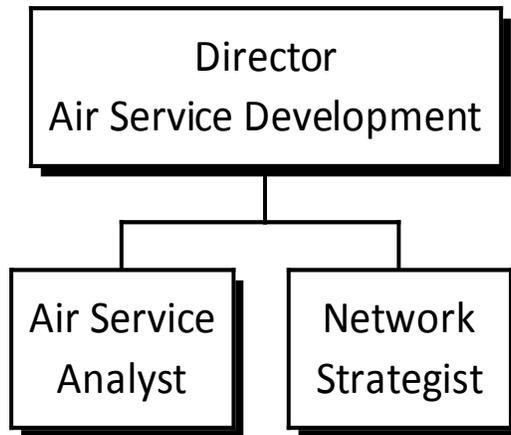
<sup>(1)</sup> Total may differ due to rounding.  
<sup>(1)</sup> Total may differ due to rounding.



**FIGURE 26 – FY 2018 EXPENSE BUDGET BY CATEGORY**

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

**EXECUTIVE DIVISION – AIR SERVICE DEVELOPMENT**  
**FY 2017 – FY 2018 Organizational Structure**



*No personnel changes in FY 2018.*

**EXECUTIVE DIVISION – AIR SERVICE DEVELOPMENT**  
**FY 2017 Budget - FY 2018 Conceptual Budget Expense Summary**

	FY 2015 Actuals	FY 2016 Budget	FY 2017 Budget	Inc / (Dec) FY 17 vs FY 16 Budget	% Change	FY 2018 Conceptual Budget	Inc / (Dec) FY 18 Conceptual vs FY 17 Budget	% Change
<b>Operating Expenses:</b>								
<b>Personnel Expenses</b>								
Salaries and Wages	\$ 196,045	\$ 223,343	\$ 289,128	\$ 65,785	29.5%	\$ 297,801	\$ 8,674	3.0%
Premium Overtime	-	-	-	-	0.0%	-	-	0.0%
Employee Benefits	106,875	119,789	130,493	10,704	8.9%	134,941	4,448	3.4%
Subtotal	302,920	343,132	419,621	76,489	22.3%	432,743	13,122	3.1%
Less: Capitalized Labor	-	-	-	-	0.0%	-	-	0.0%
Less: QHP - Labor/Burden/Labor Overhead	-	-	-	-	0.0%	-	-	0.0%
<b>Total Personnel Expenses</b>	<b>302,920</b>	<b>343,132</b>	<b>419,621</b>	<b>76,489</b>	<b>22.3%</b>	<b>432,743</b>	<b>13,122</b>	<b>3.1%</b>
<b>Non-Personnel Expenses</b>								
Contractual Services	308,126	282,000	285,000	3,000	1.1%	285,000	-	0.0%
Safety and Security	-	-	-	-	0.0%	-	-	0.0%
Space Rental	-	-	-	-	0.0%	-	-	0.0%
Utilities	-	-	-	-	0.0%	-	-	0.0%
Maintenance	-	-	-	-	0.0%	-	-	0.0%
Operating Equipment & Systems	-	-	-	-	0.0%	-	-	0.0%
Operating Supplies	600	1,200	800	(400)	-33.3%	800	-	0.0%
Insurance	-	-	-	-	0.0%	-	-	0.0%
Employee Programs	68,809	29,450	32,450	3,000	10.2%	32,450	-	0.0%
Business Development	608,720	655,600	541,500	(114,100)	-17.4%	541,500	-	0.0%
Equipment Rentals & Repairs	-	-	-	-	0.0%	-	-	0.0%
Tenant Improvements	-	-	-	-	0.0%	-	-	0.0%
<b>Total Non-Personnel Expenses</b>	<b>986,256</b>	<b>968,250</b>	<b>859,750</b>	<b>(108,500)</b>	<b>-11.2%</b>	<b>859,750</b>	<b>-</b>	<b>0.0%</b>
<b>Total Operating Expenses</b>	<b>1,289,176</b>	<b>1,311,382</b>	<b>1,279,371</b>	<b>(32,011)</b>	<b>-2.4%</b>	<b>1,292,493</b>	<b>13,122</b>	<b>1.0%</b>
<b>Non-Operating Expenses:</b>								
Joint Studies/Sound Attenuation	-	-	-	-	0.0%	-	-	0.0%
Debt Service	-	-	-	-	0.0%	-	-	0.0%
Legal Settlements Expense	-	-	-	-	0.0%	-	-	0.0%
<b>Total Non-Operating Expenses</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>0.0%</b>	<b>-</b>	<b>-</b>	<b>0.0%</b>
<b>Total Expenses</b>	<b>1,289,176</b>	<b>1,311,382</b>	<b>1,279,371</b>	<b>(32,011)</b>	<b>-2.4%</b>	<b>1,292,493</b>	<b>13,122</b>	<b>1.0%</b>
Equipment Outlay	-	-	-	-	0.0%	-	-	0.0%
<b>Total Authority Expenses incl Equip Outlay</b>	<b>\$ 1,289,176</b>	<b>\$ 1,311,382</b>	<b>\$ 1,279,371</b>	<b>\$ (32,011)</b>	<b>-2.4%</b>	<b>\$ 1,292,493</b>	<b>\$ 13,122</b>	<b>1.0%</b>

**EXECUTIVE DIVISION – AIR SERVICE DEVELOPMENT**  
**Major Drivers of FY 2017 Budget & FY 2018 Conceptual Budget**

	<b>Inc / (Dec) FY 17 vs FY 16</b>	<b>Inc / (Dec) FY 18 Conceptual vs FY 17</b>
<b>FY 2016 Budget / FY 2017 Budget</b>	<b>\$ 1,311,382</b>	<b>\$ 1,279,371</b>
<b>Personnel Costs</b>		
Salary adjustments and pay-for-performance	65,785	8,674
Burden (benefits & employer taxes) for current staff	10,704	4,448
<b>Total Increase / (Decrease) in Personnel Costs</b>	<b>76,489</b>	<b>13,122</b>
International air service marketing incentive	(125,000)	-
Other, net	16,500	-
<b>Total Increase / (Decrease) in Non-Personnel Costs</b>	<b>(108,500)</b>	<b>-</b>
<b>Total Increase / (Decrease)</b>	<b>(32,011)</b>	<b>13,122</b>
<b>FY 2017 Budget / FY 2018 Conceptual Budget</b>	<b>\$ 1,279,371</b>	<b>\$ 1,292,493</b>

## EXECUTIVE DIVISION – AIR SERVICE DEVELOPMENT

### Departmental Goals

#### FY 2016 PROGRESS REPORT

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

**PROGRESS:** New domestic destinations that have or will commence in FY 2016 include Stockton, California; El Paso, Texas and Fort Lauderdale, Florida.

**INITIATIVE:** Focus on revenue generation and cost control.

2. Retain air service to London.

**PROGRESS:** Service has been retained and expanded with Boeing 747-400 service commencing in Summer of 2016.

**INITIATIVE:** Focus on revenue generation and cost control.

3. Retain air service to Tokyo.

**PROGRESS:** Service has been retained.

**INITIATIVE:** Focus on revenue generation and cost control.

4. Secure additional service to a European hub.

**PROGRESS:** Discussions continue with several carriers for additional service to a European hub.

**INITIATIVE:** Focus on revenue generation and cost control.

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

**PROGRESS:** Vancouver, British Columbia service will commence in spring 2016. This marks the third destination served in Canada. Progress was made on other international service, but additional investments need to be made in order for service to commence.

**INITIATIVE:** Focus on revenue generation and cost control.

**EXECUTIVE DIVISION – AIR SERVICE DEVELOPMENT**  
**Departmental Goals**

**FY 2017 – FY 2018 GOALS**

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

**INITIATIVE:** Focus on revenue generation and cost control.

2. Retain air service to Tokyo.

**INITIATIVE:** Focus on revenue generation and cost control.

3. Develop air service to Central / South America and additional service to Europe.

**INITIATIVE:** Focus on revenue generation and cost control.

**EXECUTIVE DIVISION – AUTHORITY BOARD  
FY 2017 – FY 2018 Organizational Structure**

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

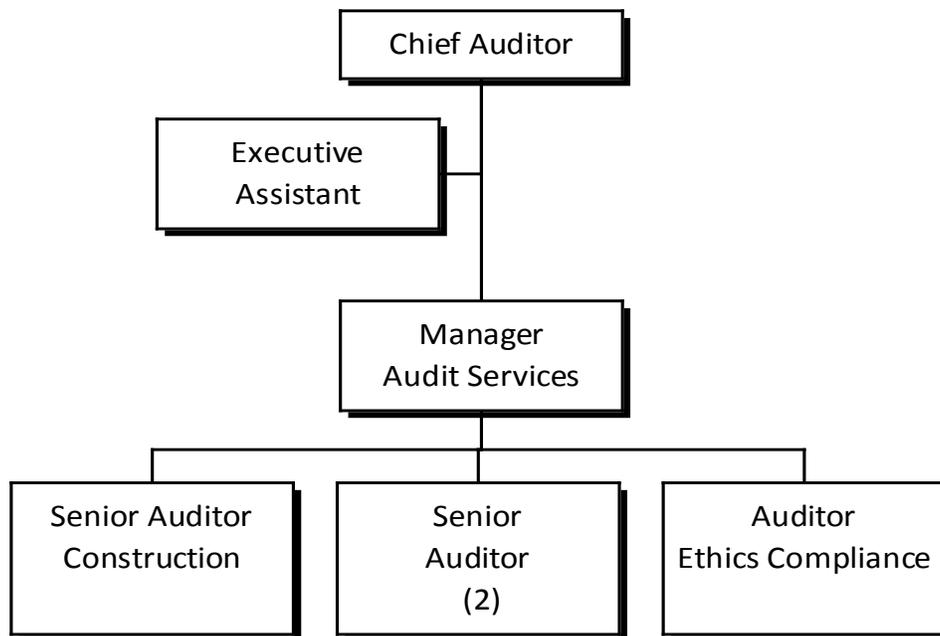
**EXECUTIVE DIVISION – AUTHORITY BOARD**  
**FY 2017 Budget - FY 2018 Conceptual Budget Expense Summary**

	FY 2015 Actuals	FY 2016 Budget	FY 2017 Budget	Inc / (Dec) FY 17 vs FY 16 Budget	% Change	FY 2018 Conceptual Budget	Inc / (Dec) FY 18 Conceptual vs FY 17 Budget	% Change
<b>Operating Expenses:</b>								
<b>Personnel Expenses</b>								
Salaries and Wages	\$ -	\$ -	\$ -	\$ -	0.0%	\$ -	\$ -	0.0%
Premium Overtime	-	-	-	-	0.0%	-	-	0.0%
Employee Benefits	-	-	-	-	0.0%	-	-	0.0%
Subtotal	-	-	-	-	0.0%	-	-	0.0%
<i>Less: Capitalized Labor</i>	-	-	-	-	0.0%	-	-	0.0%
<i>Less: QHP - Labor/Burden/Labor Overhead</i>	-	-	-	-	0.0%	-	-	0.0%
<b>Total Personnel Expenses</b>	-	-	-	-	<b>0.0%</b>	-	-	<b>0.0%</b>
<b>Non-Personnel Expenses</b>								
Contractual Services	95,126	121,500	107,000	(14,500)	-11.9%	107,000	-	0.0%
Safety and Security	-	-	-	-	0.0%	-	-	0.0%
Space Rental	-	-	-	-	0.0%	-	-	0.0%
Utilities	-	-	-	-	0.0%	-	-	0.0%
Maintenance	-	-	-	-	0.0%	-	-	0.0%
Operating Equipment & Systems	-	250	-	(250)	-100.0%	-	-	0.0%
Operating Supplies	797	-	-	-	0.0%	-	-	0.0%
Insurance	-	-	-	-	0.0%	-	-	0.0%
Employee Programs	19,339	17,300	11,200	(6,100)	-35.3%	11,200	-	0.0%
Business Development	22,567	42,450	47,600	5,150	12.1%	47,600	-	0.0%
Equipment Rentals & Repairs	24,663	-	-	-	0.0%	-	-	0.0%
Tenant Improvements	-	-	-	-	0.0%	-	-	0.0%
<b>Total Non-Personnel Expenses</b>	<b>162,491</b>	<b>181,500</b>	<b>165,800</b>	<b>(15,700)</b>	<b>-8.7%</b>	<b>165,800</b>	-	<b>0.0%</b>
<b>Total Operating Expenses</b>	<b>162,491</b>	<b>181,500</b>	<b>165,800</b>	<b>(15,700)</b>	<b>-8.7%</b>	<b>165,800</b>	-	<b>0.0%</b>
<b>Non-Operating Expenses:</b>								
Joint Studies/Sound Attenuation	-	-	-	-	0.0%	-	-	0.0%
Debt Service	-	-	-	-	0.0%	-	-	0.0%
Legal Settlements Expense	-	-	-	-	0.0%	-	-	0.0%
<b>Total Non-Operating Expenses</b>	-	-	-	-	<b>0.0%</b>	-	-	<b>0.0%</b>
<b>Total Expenses</b>	<b>162,491</b>	<b>181,500</b>	<b>165,800</b>	<b>(15,700)</b>	<b>-8.7%</b>	<b>165,800</b>	-	<b>0.0%</b>
Equipment Outlay	-	-	-	-	0.0%	-	-	0.0%
<b>Total Authority Expenses incl Equip Outlay</b>	<b>\$ 162,491</b>	<b>\$ 181,500</b>	<b>\$ 165,800</b>	<b>\$ (15,700)</b>	<b>-8.7%</b>	<b>\$ 165,800</b>	<b>\$ -</b>	<b>0.0%</b>

**EXECUTIVE DIVISION – AUTHORITY BOARD**  
**Major Drivers of FY 2017 Budget & FY 2018 Conceptual Budget**

	<b>Inc / (Dec) FY 17 vs FY 16</b>	<b>Inc / (Dec) FY 18 Conceptual vs FY 17</b>
<b>FY 2016 Budget / FY 2017 Budget</b>	<b>\$ 181,500</b>	<b>\$ 165,800</b>
Contractual services	(14,500)	-
Other, net	(1,200)	-
<b>Total Increase / (Decrease) in Non-Personnel Costs</b>	<b>(15,700)</b>	-
<b>Total Increase / (Decrease)</b>	<b>(15,700)</b>	-
<b>FY 2017 Budget / FY 2018 Conceptual Budget</b>	<b>\$ 165,800</b>	<b>\$ 165,800</b>

**EXECUTIVE DIVISION – CHIEF AUDITOR**  
**FY 2017 – FY 2018 Organizational Structure**



*No personnel changes in FY 2018.*

**EXECUTIVE DIVISION – CHIEF AUDITOR**  
**FY 2017 Budget - FY 2018 Conceptual Budget Expense Summary**

	FY 2015 Actuals	FY 2016 Budget	FY 2017 Budget	Inc / (Dec) FY 17 vs FY 16 Budget	% Change	FY 2018 Conceptual Budget	Inc / (Dec) FY 18 Conceptual vs FY 17 Budget	% Change
<b>Operating Expenses:</b>								
<b>Personnel Expenses</b>								
Salaries and Wages	\$ 784,912	\$ 809,836	\$ 836,507	\$ 26,671	3.3%	\$ 857,891	\$ 21,384	2.6%
Premium Overtime	-	-	-	-	0.0%	-	-	0.0%
Employee Benefits	374,352	360,070	330,406	(29,665)	-8.2%	332,930	2,524	0.8%
Subtotal	1,159,265	1,169,907	1,166,913	(2,994)	-0.3%	1,190,821	23,908	2.0%
Less: Capitalized Labor	-	-	-	-	0.0%	-	-	0.0%
Less: QHP - Labor/Burden/Labor Overhead	-	-	-	-	0.0%	-	-	0.0%
<b>Total Personnel Expenses</b>	<b>1,159,265</b>	<b>1,169,907</b>	<b>1,166,913</b>	<b>(2,994)</b>	<b>-0.3%</b>	<b>1,190,821</b>	<b>23,908</b>	<b>2.0%</b>
<b>Non-Personnel Expenses</b>								
Contractual Services	-	750	750	-	0.0%	800	50	6.7%
Safety and Security	-	-	-	-	0.0%	-	-	0.0%
Space Rental	-	-	-	-	0.0%	-	-	0.0%
Utilities	59	250	275	25	10.0%	275	-	0.0%
Maintenance	-	-	-	-	0.0%	-	-	0.0%
Operating Equipment & Systems	-	-	-	-	0.0%	-	-	0.0%
Operating Supplies	2,572	5,900	2,750	(3,150)	-53.4%	2,800	50	1.8%
Insurance	-	-	-	-	0.0%	-	-	0.0%
Employee Programs	16,047	28,700	29,200	500	1.7%	29,875	675	2.3%
Business Development	4,002	4,225	4,275	50	1.2%	4,375	100	2.3%
Equipment Rentals & Repairs	4,470	7,875	5,000	(2,875)	-137.3%	5,100	100	2.1%
Tenant Improvements	-	-	-	-	0.0%	-	-	0.0%
<b>Total Non-Personnel Expenses</b>	<b>27,149</b>	<b>47,700</b>	<b>42,250</b>	<b>(5,450)</b>	<b>-11.4%</b>	<b>43,225</b>	<b>975</b>	<b>2.3%</b>
<b>Total Operating Expenses</b>	<b>1,186,414</b>	<b>1,217,607</b>	<b>1,209,163</b>	<b>(8,444)</b>	<b>-0.7%</b>	<b>1,234,046</b>	<b>24,883</b>	<b>2.1%</b>
<b>Non-Operating Expenses:</b>								
Joint Studies/Sound Attenuation	-	-	-	-	0.0%	-	-	0.0%
Debt Service	-	-	-	-	0.0%	-	-	0.0%
Legal Settlements Expense	-	-	-	-	0.0%	-	-	0.0%
<b>Total Non-Operating Expenses</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>0.0%</b>	<b>-</b>	<b>-</b>	<b>0.0%</b>
<b>Total Expenses</b>	<b>1,186,414</b>	<b>1,217,607</b>	<b>1,209,163</b>	<b>(8,444)</b>	<b>-0.7%</b>	<b>1,234,046</b>	<b>24,883</b>	<b>2.1%</b>
Equipment Outlay	-	-	-	-	0.0%	-	-	0.0%
<b>Total Authority Expenses incl Equip Outlay</b>	<b>\$ 1,186,414</b>	<b>\$ 1,217,607</b>	<b>\$ 1,209,163</b>	<b>\$ (8,444)</b>	<b>-0.7%</b>	<b>\$ 1,234,046</b>	<b>\$ 24,883</b>	<b>2.1%</b>

**EXECUTIVE DIVISION – CHIEF AUDITOR**  
**Major Drivers of FY 2017 Budget & FY 2018 Conceptual Budget**

	Inc / (Dec) FY 17 vs FY 16	Inc / (Dec) FY 18 Conceptual vs FY 17
<b>FY 2016 Budget / FY 2017 Budget</b>	<b>\$ 1,217,607</b>	<b>\$ 1,209,163</b>
<b>Personnel Costs</b>		
Salary adjustments and pay-for-performance	108,825	21,384
Burden (benefits & employer taxes) for current staff	(9,571)	2,524
1 Eliminated position Auditor (salaries & burden)	(102,248)	-
<b>Total Increase / (Decrease) in Personnel Costs</b>	<b>(2,994)</b>	<b>23,908</b>
Other, net	(5,450)	975
<b>Total Increase / (Decrease) in Non-Personnel Costs</b>	<b>(5,450)</b>	<b>975</b>
<b>Total Increase / (Decrease)</b>	<b>(8,444)</b>	<b>24,883</b>
<b>FY 2017 Budget / FY 2018 Conceptual Budget</b>	<b>\$ 1,209,163</b>	<b>\$ 1,234,046</b>

**EXECUTIVE DIVISION – CHIEF AUDITOR**  
**Departmental Goals**

**FY 2016 PROGRESS REPORT**

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

**PROGRESS:** The department utilization goal is 80%. During the last reporting period, Audit had a utilization rate of 81%.

**INITIATIVE:** Focus on revenue generation and cost control.

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

**PROGRESS:** During the most recent reporting period the department had identified \$44,689 of additional revenue / cost savings during the Fiscal Year 2016.

**INITIATIVE:** Focus on revenue generation and cost control.

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

**PROGRESS:** To date, 65% of the recommendations provided to departments in Fiscal Year 2016 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.

**INITIATIVE:** Focus on revenue generation and cost control.

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

**PROGRESS:** Currently 83% of the audits conducted during the Fiscal Year 2016 have been completed within the budgeted time. The departmental goal is 80%.

**INITIATIVE:** Focus on revenue generation and cost control.

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

**PROGRESS:** Internal customer satisfaction surveys are sent to auditees at the conclusion of each audit. The current internal customer satisfaction ratio is 4.85.

**INITIATIVE:** Focus on revenue generation and cost control.

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

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

**INITIATIVE:** Focus on revenue generation and cost control.

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

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

**INITIATIVE:** Focus on revenue generation and cost control.

**EXECUTIVE DIVISION – CHIEF AUDITOR**  
**Departmental Goals**

**FY 2017 – FY 2018 GOALS**

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

**INITIATIVE:** Focus on revenue generation and cost control.

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

**INITIATIVE:** Focus on revenue generation and cost control.

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

**INITIATIVE:** Focus on revenue generation and cost control.

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

**INITIATIVE:** Focus on revenue generation and cost control.

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

**INITIATIVE:** Strategically engage our employees in sustainable business practices.

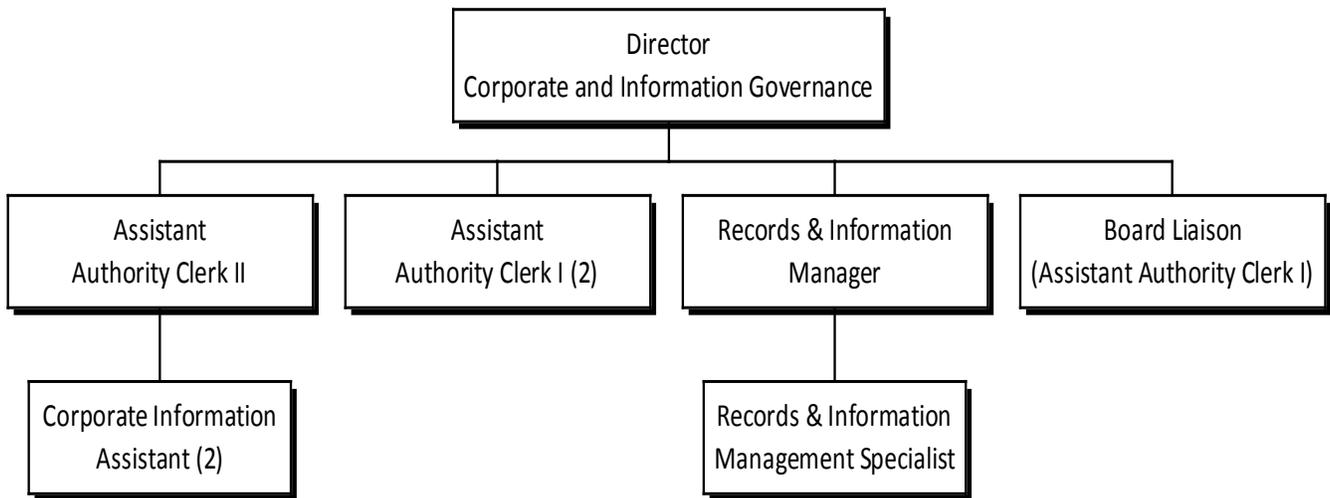
6. Conduct audits that focus on the key risk areas of the Authority and its business partners.

**INITIATIVE:** Focus on revenue generation and cost control.

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

**INITIATIVE:** Strategically engage our employees in sustainable business practices.

**EXECUTIVE DIVISION – CORPORATE AND INFORMATION GOVERNANCE**  
**FY 2017 – FY 2018 Organizational Structure**



*No personnel changes in FY 2018.*

**EXECUTIVE DIVISION – CORPORATE AND INFORMATION GOVERNANCE**  
**FY 2017 Budget - FY 2018 Conceptual Budget Expense Summary**

	FY 2015 Actuals	FY 2016 Budget	FY 2017 Budget	Inc / (Dec) FY 17 vs FY 16 Budget	% Change	FY 2018 Conceptual Budget	Inc / (Dec) FY 18 Conceptual vs FY 17 Budget	% Change
<b>Operating Expenses:</b>								
<b>Personnel Expenses</b>								
Salaries and Wages	\$ 592,028	\$ 633,917	\$ 593,738	\$ (40,180)	-6.3%	\$ 611,550	\$ 17,812	3.0%
Premium Overtime	997	-	-	-	0.0%	-	-	0.0%
Employee Benefits	307,586	340,527	289,623	(50,905)	-14.9%	300,543	10,920	3.8%
Subtotal	900,612	974,445	883,360	(91,084)	-9.3%	912,092	28,732	3.3%
Less: Capitalized Labor	-	-	-	-	0.0%	-	-	0.0%
Less: QHP - Labor/Burden/Labor Overhead	-	-	-	-	0.0%	-	-	0.0%
<b>Total Personnel Expenses</b>	<b>900,612</b>	<b>974,445</b>	<b>883,360</b>	<b>(91,084)</b>	<b>-9.3%</b>	<b>912,092</b>	<b>28,732</b>	<b>3.3%</b>
<b>Non-Personnel Expenses</b>								
Contractual Services	23,602	32,900	20,100	(12,800)	-38.9%	21,100	1,000	5.0%
Safety and Security	-	-	-	-	0.0%	-	-	0.0%
Space Rental	-	-	-	-	0.0%	-	-	0.0%
Utilities	-	-	-	-	0.0%	-	-	0.0%
Maintenance	-	-	-	-	0.0%	-	-	0.0%
Operating Equipment & Systems	-	55,000	10,000	(45,000)	-81.8%	10,000	-	0.0%
Operating Supplies	4,618	4,675	4,675	-	0.0%	4,675	-	0.0%
Insurance	-	-	-	-	0.0%	-	-	0.0%
Employee Programs	14,641	16,230	25,400	9,170	56.5%	26,400	1,000	3.9%
Business Development	10,134	10,300	15,800	5,500	53.4%	15,800	-	0.0%
Equipment Rentals & Repairs	49,156	26,100	26,100	-	0.0%	26,100	-	0.0%
Tenant Improvements	-	-	-	-	0.0%	-	-	0.0%
<b>Total Non-Personnel Expenses</b>	<b>102,150</b>	<b>145,205</b>	<b>102,075</b>	<b>(43,130)</b>	<b>-29.7%</b>	<b>104,075</b>	<b>2,000</b>	<b>2.0%</b>
<b>Total Operating Expenses</b>	<b>1,002,762</b>	<b>1,119,650</b>	<b>985,435</b>	<b>(134,214)</b>	<b>-12.0%</b>	<b>1,016,167</b>	<b>30,732</b>	<b>3.1%</b>
<b>Non-Operating Expenses:</b>								
Joint Studies/Sound Attenuation	-	-	-	-	0.0%	-	-	0.0%
Debt Service	-	-	-	-	0.0%	-	-	0.0%
Legal Settlements Expense	-	-	-	-	0.0%	-	-	0.0%
<b>Total Non-Operating Expenses</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>0.0%</b>	<b>-</b>	<b>-</b>	<b>0.0%</b>
<b>Total Expenses</b>	<b>1,002,762</b>	<b>1,119,650</b>	<b>985,435</b>	<b>(134,214)</b>	<b>-12.0%</b>	<b>1,016,167</b>	<b>30,732</b>	<b>3.1%</b>
Equipment Outlay	-	5,000	-	(5,000)	-100.0%	-	-	0.0%
<b>Total Authority Expenses incl Equip Outlay</b>	<b>\$ 1,002,762</b>	<b>\$ 1,124,650</b>	<b>\$ 985,435</b>	<b>\$ (139,214)</b>	<b>-12.4%</b>	<b>\$ 1,016,167</b>	<b>\$ 30,732</b>	<b>3.1%</b>

**EXECUTIVE DIVISION – CORPORATE AND INFORMATION GOVERNANCE**  
**Major Drivers of FY 2017 Budget & FY 2018 Conceptual Budget**

	Inc / (Dec) FY 17 vs FY 16	Inc / (Dec) FY 18 Conceptual vs FY 17
<b>FY 2016 Budget / FY 2017 Budget</b>	<b>\$ 1,124,650</b>	<b>\$ 985,435</b>
<b>Personnel Costs</b>		
Salary adjustments and pay-for-performance	(40,180)	17,812
Burden (benefits & employer taxes) for current staff	(50,905)	10,920
<b>Total Increase / (Decrease) in Personnel Costs</b>	<b>(91,084)</b>	<b>28,732</b>
Business Continuity Plan software	(45,000)	-
Other, net	(3,130)	2,000
<b>Total Increase / (Decrease) in Non-Personnel Costs</b>	<b>(48,130)</b>	<b>2,000</b>
<b>Total Increase / (Decrease)</b>	<b>(139,214)</b>	<b>30,732</b>
<b>FY 2017 Budget / FY 2018 Conceptual Budget</b>	<b>\$ 985,435</b>	<b>\$ 1,016,167</b>

## EXECUTIVE DIVISION – CORPORATE AND INFORMATION GOVERNANCE Departmental Goals

### FY 2016 PROGRESS REPORT

1. Enhance access to records and information through the completion of the design and implementation of an Enterprise Content Management System (ECMS) by February 2016.  
**PROGRESS:** Phase 1 – Completed.  
**INITIATIVE:** Strategically engage our employees in sustainable business practices.
2. Enhance access and search ability of codes and polices via the intranet through the creation of a published PDF searchable document by December 2015.  
**PROGRESS:** In process – Should be completed by April 2016.  
**INITIATIVE:** Strategically engage our employees in sustainable business practices.
3. Increase the department’s employee engagement score by 5 percentage points on the 2015 Employee Opinion Survey.  
**PROGRESS:** Pulse Survey to be conducted March 2016.  
**INITIATIVE:** Strategically engage our employees in sustainable business practices.
4. Research the ability to automate the agenda and staff report preparation and distribution process to create efficiency and reduce the costs associated with the reproduction of documents by April 2016.  
**PROGRESS:** Completed.  
**INITIATIVE:** Strategically engage our employees in sustainable business practices.

**EXECUTIVE DIVISION – CORPORATE AND INFORMATION GOVERNANCE**  
**Departmental Goals**

**FY 2017 – FY 2018 GOALS**

1. Automate the agenda and staff report preparation and distribution process to create efficiency and reduce the costs associated with the reproduction of documents by January 2017.

**INITIATIVE:** Strategically engage our employees in sustainable business practices.

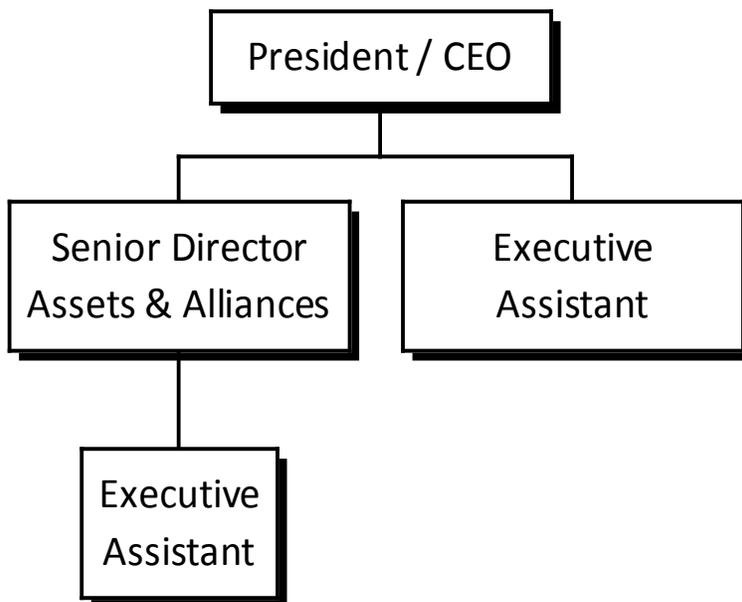
2. Provide electronic access and enhanced searching capabilities to Board and Committee meeting minutes and resolutions; and Authority contracts and leases via the ECMS by May 2017.

**INITIATIVE:** Strategically engage our employees in sustainable business practices.

3. Increase the Departments Employee Engagement Score by 5 percentage points on the 2017 Employee Opinion Survey.

**INITIATIVE:** Strategically engage our employees in sustainable business practices.

**EXECUTIVE DIVISION – EXECUTIVE OFFICE**  
**FY 2017 – FY 2018 Organizational Structure**



*No personnel changes in FY 2018.*

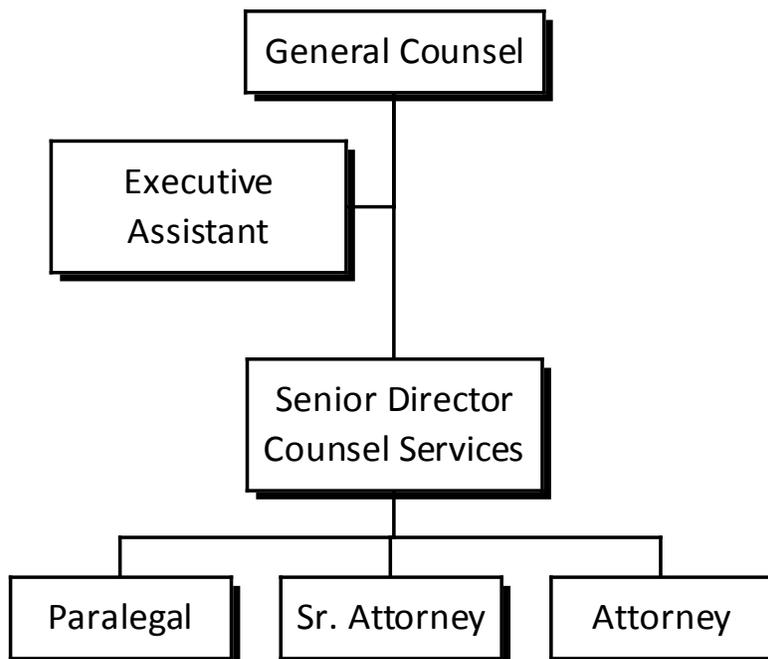
**EXECUTIVE DIVISION – EXECUTIVE OFFICE**  
**FY 2017 Budget - FY 2018 Conceptual Budget Expense Summary**

	FY 2015 Actuals	FY 2016 Budget	FY 2017 Budget	Inc / (Dec) FY 17 vs FY 16 Budget	% Change	FY 2018 Conceptual Budget	Inc / (Dec) FY 18 Conceptual vs FY 17 Budget	% Change
<b>Operating Expenses:</b>								
<b>Personnel Expenses</b>								
Salaries and Wages	\$ 540,487	\$ 608,206	\$ 629,446	\$ 21,240	3.5%	\$ 646,328	\$ 16,882	2.7%
Premium Overtime	-	-	-	-	0.0%	-	-	0.0%
Employee Benefits	196,506	270,797	259,812	(10,985)	-4.1%	271,583	11,771	4.5%
Subtotal	736,993	879,004	889,259	10,255	1.2%	917,911	28,653	3.2%
Less: Capitalized Labor	-	-	-	-	0.0%	-	-	0.0%
Less: QHP - Labor/Burden/Labor Overhead	-	-	-	-	0.0%	-	-	0.0%
<b>Total Personnel Expenses</b>	<b>736,993</b>	<b>879,004</b>	<b>889,259</b>	<b>10,255</b>	<b>1.2%</b>	<b>917,911</b>	<b>28,653</b>	<b>3.2%</b>
<b>Non-Personnel Expenses</b>								
Contractual Services	26,041	-	400	400	0.0%	400	-	0.0%
Safety and Security	-	-	-	-	0.0%	-	-	0.0%
Space Rental	-	-	-	-	0.0%	-	-	0.0%
Utilities	7	-	-	-	0.0%	-	-	0.0%
Maintenance	-	-	-	-	0.0%	-	-	0.0%
Operating Equipment & Systems	-	500	400	(100)	-20.0%	500	100	25.0%
Operating Supplies	2,471	2,500	2,500	-	0.0%	2,500	-	0.0%
Insurance	-	-	-	-	0.0%	-	-	0.0%
Employee Programs	21,702	24,000	24,300	300	1.3%	24,300	-	0.0%
Business Development	214,245	214,717	214,265	(452)	-0.2%	230,061	15,796	7.4%
Equipment Rentals & Repairs	-	-	-	-	0.0%	-	-	0.0%
Tenant Improvements	-	-	-	-	0.0%	-	-	0.0%
<b>Total Non-Personnel Expenses</b>	<b>264,466</b>	<b>241,717</b>	<b>241,865</b>	<b>148</b>	<b>0.1%</b>	<b>257,761</b>	<b>15,896</b>	<b>6.6%</b>
<b>Total Operating Expenses</b>	<b>1,001,459</b>	<b>1,120,721</b>	<b>1,131,124</b>	<b>10,403</b>	<b>0.9%</b>	<b>1,175,672</b>	<b>44,549</b>	<b>3.9%</b>
<b>Non-Operating Expenses:</b>								
Joint Studies/Sound Attenuation	-	-	-	-	0.0%	-	-	0.0%
Debt Service	-	-	-	-	0.0%	-	-	0.0%
Legal Settlements Expense	-	-	-	-	0.0%	-	-	0.0%
<b>Total Non-Operating Expenses</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>0.0%</b>	<b>-</b>	<b>-</b>	<b>0.0%</b>
<b>Total Expenses</b>	<b>1,001,459</b>	<b>1,120,721</b>	<b>1,131,124</b>	<b>10,403</b>	<b>0.9%</b>	<b>1,175,672</b>	<b>44,549</b>	<b>3.9%</b>
Equipment Outlay	-	-	-	-	0.0%	-	-	0.0%
<b>Total Authority Expenses incl Equip Outlay</b>	<b>\$ 1,001,459</b>	<b>\$ 1,120,721</b>	<b>\$ 1,131,124</b>	<b>\$ 10,403</b>	<b>0.9%</b>	<b>\$ 1,175,672</b>	<b>\$ 44,549</b>	<b>3.9%</b>

**EXECUTIVE DIVISION – EXECUTIVE OFFICE**  
**Major Drivers of FY 2017 Budget & FY 2018 Conceptual Budget**

	<b>Inc / (Dec) FY 17 vs FY 16</b>	<b>Inc / (Dec) FY 18 Conceptual vs FY 17</b>
<b>FY 2016 Budget / FY 2017 Budget</b>	<b>\$ 1,120,721</b>	<b>\$ 1,131,124</b>
<b>Personnel Costs</b>		
Salary adjustments and pay-for-performance	21,240	16,882
Burden (benefits & employer taxes) for current staff	(10,985)	11,771
<b>Total Increase / (Decrease) in Personnel Costs</b>	<b>10,255</b>	<b>28,653</b>
Other, net	148	15,896
<b>Total Increase / (Decrease) in Non-Personnel Costs</b>	<b>148</b>	<b>15,896</b>
<b>Total Increase / (Decrease)</b>	<b>10,403</b>	<b>44,549</b>
<b>FY 2017 Budget / FY 2018 Conceptual Budget</b>	<b>\$ 1,131,124</b>	<b>\$ 1,175,672</b>

**EXECUTIVE DIVISION – GENERAL COUNSEL  
FY 2017 – FY 2018 Organizational Structure**



*No personnel changes in FY 2018.*

**EXECUTIVE DIVISION – GENERAL COUNSEL**  
**FY 2017 Budget - FY 2018 Conceptual Budget Expense Summary**

	FY 2015 Actuals	FY 2016 Budget	FY 2017 Budget	Inc / (Dec) FY 17 vs FY 16 Budget	% Change	FY 2018 Conceptual Budget	Inc / (Dec) FY 18 Conceptual vs FY 17 Budget	% Change
<b>Operating Expenses:</b>								
<b>Personnel Expenses</b>								
Salaries and Wages	\$ 900,819	\$ 934,790	\$ 964,487	\$ 29,697	3.2%	\$ 989,406	\$ 24,919	2.6%
Premium Overtime	(26)	-	-	-	0.0%	-	-	0.0%
Employee Benefits	409,195	382,733	379,490	(3,243)	-0.8%	379,110	(380)	-0.1%
Subtotal	1,309,989	1,317,524	1,343,977	26,453	2.0%	1,368,515	24,539	1.8%
Less: Capitalized Labor	-	-	-	-	0.0%	-	-	0.0%
Less: QHP - Labor/Burden/Labor Overhead	-	-	-	-	0.0%	-	-	0.0%
<b>Total Personnel Expenses</b>	<b>1,309,989</b>	<b>1,317,524</b>	<b>1,343,977</b>	<b>26,453</b>	<b>2.0%</b>	<b>1,368,515</b>	<b>24,539</b>	<b>1.8%</b>
<b>Non-Personnel Expenses</b>								
Contractual Services	567,472	1,186,000	810,500	(375,500)	-31.7%	810,500	-	0.0%
Safety and Security	-	-	-	-	0.0%	-	-	0.0%
Space Rental	-	-	-	-	0.0%	-	-	0.0%
Utilities	34	250	250	-	0.0%	250	-	0.0%
Maintenance	-	-	-	-	0.0%	-	-	0.0%
Operating Equipment & Systems	6,293	1,000	1,000	-	0.0%	1,000	-	0.0%
Operating Supplies	4,159	4,000	4,000	-	0.0%	4,000	-	0.0%
Insurance	-	-	-	-	0.0%	-	-	0.0%
Employee Programs	57,519	68,400	68,400	-	0.0%	68,400	-	0.0%
Business Development	8,255	7,550	7,050	(500)	-6.6%	7,050	-	0.0%
Equipment Rentals & Repairs	-	1,100	1,100	-	0.0%	1,100	-	0.0%
Tenant Improvements	-	-	-	-	0.0%	-	-	0.0%
<b>Total Non-Personnel Expenses</b>	<b>643,731</b>	<b>1,268,300</b>	<b>892,300</b>	<b>(376,000)</b>	<b>-29.6%</b>	<b>892,300</b>	<b>-</b>	<b>0.0%</b>
<b>Total Operating Expenses</b>	<b>1,953,720</b>	<b>2,585,823</b>	<b>2,236,277</b>	<b>(349,546)</b>	<b>-13.5%</b>	<b>2,260,815</b>	<b>24,539</b>	<b>1.1%</b>
<b>Non-Operating Expenses:</b>								
Joint Studies/Sound Attenuation	-	-	-	-	0.0%	-	-	0.0%
Debt Service	-	-	-	-	0.0%	-	-	0.0%
Legal Settlements Expense	800	10,000	10,000	-	0.0%	10,000	-	0.0%
<b>Total Non-Operating Expenses</b>	<b>800</b>	<b>10,000</b>	<b>10,000</b>	<b>-</b>	<b>0.0%</b>	<b>10,000</b>	<b>-</b>	<b>0.0%</b>
<b>Total Expenses</b>	<b>1,954,520</b>	<b>2,595,823</b>	<b>2,246,277</b>	<b>(349,546)</b>	<b>-13.5%</b>	<b>2,270,815</b>	<b>24,539</b>	<b>1.1%</b>
Equipment Outlay	-	-	-	-	0.0%	-	-	0.0%
<b>Total Authority Expenses incl Equip Outlay</b>	<b>\$ 1,954,520</b>	<b>\$ 2,595,823</b>	<b>\$ 2,246,277</b>	<b>\$ (349,546)</b>	<b>-13.5%</b>	<b>\$ 2,270,815</b>	<b>\$ 24,539</b>	<b>1.1%</b>

**EXECUTIVE DIVISION – GENERAL COUNSEL**  
**Major Drivers of FY 2017 Budget & FY 2018 Conceptual Budget**

	<b>Inc / (Dec) FY 17 vs FY 16</b>	<b>Inc / (Dec) FY 18 Conceptual vs FY 17</b>
<b>FY 2016 Budget / FY 2017 Budget</b>	<b>\$ 2,595,823</b>	<b>\$ 2,246,277</b>
<b>Personnel Costs</b>		
Salary adjustments and pay-for-performance	29,697	24,919
Burden (benefits & employer taxes) for current staff	(3,243)	(380)
<b>Total Increase / (Decrease) in Personnel Costs</b>	<b>26,453</b>	<b>24,539</b>
Legal services	(375,000)	-
Other, net	(1,000)	-
<b>Total Increase / (Decrease) in Non-Personnel Costs</b>	<b>(376,000)</b>	<b>-</b>
<b>Total Increase / (Decrease)</b>	<b>(349,546)</b>	<b>24,539</b>
<b>FY 2017 Budget / FY 2018 Conceptual Budget</b>	<b>\$ 2,246,277</b>	<b>\$ 2,270,815</b>

**EXECUTIVE DIVISION – GENERAL COUNSEL**  
**Departmental Goals**

**FY 2016 PROGRESS REPORT**

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

**PROGRESS:** On target and continuing.

**INITIATIVE:** Strategically engage our employees in sustainable business practices.

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

**PROGRESS:** On target and continuing.

**INITIATIVE:** Strategically engage our employees in sustainable business practices.

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

**PROGRESS:** On target and continuing.

**INITIATIVE:** Strategically engage our employees in sustainable business practices.

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

**PROGRESS:** On target and continuing.

**INITIATIVE:** Strategically engage our employees in sustainable business practices.

**EXECUTIVE DIVISION – GENERAL COUNSEL**  
**Departmental Goals**

**FY 2017 – FY 2018 GOALS**

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

**INITIATIVE:** Focus on revenue generation and cost control.

2. Provide timely, professional legal services in preparing, reviewing, executing and enforcing Authority contracts, leases and agreements to meet the needs to the Authority while complying with applicable laws and regulations and providing timely and professional legal advice concerning the Authority's Codes, Policies and practices to minimize the Authority's exposure to litigation.

**INITIATIVE:** Strategically engage our employees in sustainable business practices.

3. Increase educational activities of the office through periodic educational seminars open to Authority staff and management regarding contracting, ethics, bidding and

**INITIATIVE:** Strategically engage our employees in sustainable business practices.

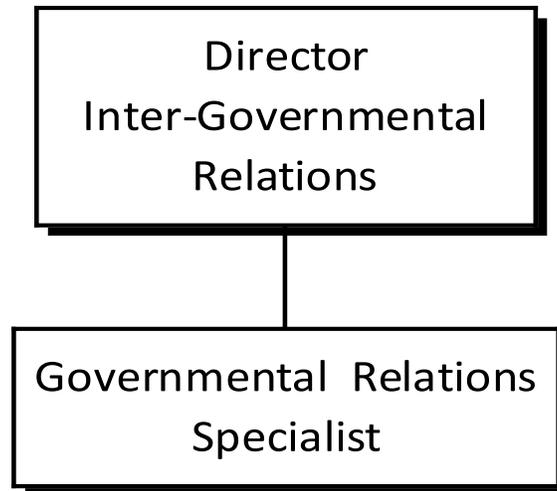
**EXECUTIVE DIVISION – ASSETS AND ALLIANCES GROUP**  
**FY 2017 Budget - FY 2018 Conceptual Budget Expense Summary**

	FY 2015 Actuals	FY 2016 Budget	FY 2017 Budget	Inc / (Dec) FY 17 vs FY 16 Budget	% Change	FY 2018 Conceptual Budget	Inc / (Dec) FY 18 Conceptual vs FY 17 Budget	% Change
<b>Operating Expenses:</b>								
<b>Personnel Expenses</b>								
Salaries and Wages	\$ 688,792	\$ 727,246	\$ 832,165	\$ 104,919	14.4%	\$ 856,770	\$ 24,605	3.0%
Premium Overtime	750	-	-	-	0.0%	-	-	0.0%
Employee Benefits	327,673	341,717	359,815	18,097	5.3%	373,299	13,484	3.7%
Subtotal	1,017,215	1,068,964	1,191,980	123,016	11.5%	1,230,069	38,089	3.2%
Less: Capitalized Labor	-	-	-	-	0.0%	-	-	0.0%
Less: QHP - Labor/Burden/Labor Overhead	-	-	-	-	0.0%	-	-	0.0%
<b>Total Personnel Expenses</b>	<b>1,017,215</b>	<b>1,068,964</b>	<b>1,191,980</b>	<b>123,016</b>	<b>11.5%</b>	<b>1,230,069</b>	<b>38,089</b>	<b>3.2%</b>
<b>Non-Personnel Expenses</b>								
Contractual Services	523,967	718,500	785,722	67,222	9.4%	770,722	(15,000)	-1.9%
Safety and Security	-	-	-	-	0.0%	-	-	0.0%
Space Rental	-	-	-	-	0.0%	-	-	0.0%
Utilities	4	150	300	150	100.0%	300	-	0.0%
Maintenance	-	-	-	-	0.0%	-	-	0.0%
Operating Equipment & Systems	1,271	1,250	2,000	750	60.0%	2,000	-	0.0%
Operating Supplies	6,342	6,000	11,600	5,600	93.3%	11,600	-	0.0%
Insurance	1,145,376	1,322,477	1,012,758	(309,719)	-23.4%	1,045,818	33,060	3.3%
Employee Programs	38,453	48,200	56,023	7,823	16.2%	55,023	(1,000)	-1.8%
Business Development	108,120	141,050	118,475	(22,575)	-16.0%	119,475	1,000	0.8%
Equipment Rentals & Repairs	78	250	250	-	0.0%	250	-	0.0%
Tenant Improvements	-	-	-	-	0.0%	-	-	0.0%
<b>Total Non-Personnel Expenses</b>	<b>1,823,611</b>	<b>2,237,877</b>	<b>1,987,128</b>	<b>(250,749)</b>	<b>-11.2%</b>	<b>2,005,188</b>	<b>18,060</b>	<b>0.9%</b>
<b>Total Operating Expenses</b>	<b>2,840,826</b>	<b>3,306,841</b>	<b>3,179,108</b>	<b>(127,733)</b>	<b>-3.9%</b>	<b>3,235,257</b>	<b>56,149</b>	<b>1.8%</b>
<b>Non-Operating Expenses:</b>								
Joint Studies/Sound Attenuation	-	-	-	-	0.0%	-	-	0.0%
Debt Service	-	-	-	-	0.0%	-	-	0.0%
Legal Settlements Expense	-	-	-	-	0.0%	-	-	0.0%
<b>Total Non-Operating Expenses</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>0.0%</b>	<b>-</b>	<b>-</b>	<b>0.0%</b>
<b>Total Expenses</b>	<b>2,840,826</b>	<b>3,306,841</b>	<b>3,179,108</b>	<b>(127,733)</b>	<b>-3.9%</b>	<b>3,235,257</b>	<b>56,149</b>	<b>1.8%</b>
Equipment Outlay	-	-	-	-	0.0%	15,000	15,000	0.0%
<b>Total Authority Expenses incl Equip Outlay</b>	<b>\$ 2,840,826</b>	<b>\$ 3,306,841</b>	<b>\$ 3,179,108</b>	<b>\$ (127,733)</b>	<b>-3.9%</b>	<b>\$ 3,250,257</b>	<b>\$ 71,149</b>	<b>2.2%</b>

**EXECUTIVE DIVISION – ASSETS AND ALLIANCES GROUP**  
**Major Drivers of FY 2017 Budget & FY 2018 Conceptual Budget**

	<b>Inc / (Dec) FY 17 vs FY 16</b>	<b>Inc / (Dec) FY 18 Conceptual vs FY 17</b>
<b>FY 2016 Budget / FY 2017 Budget</b>	<b>\$ 3,306,841</b>	<b>\$ 3,179,108</b>
<b>Personnel Costs</b>		
1 New position Safety & Loss Prevantion Analyst II (salaries & burden)	104,691	-
Salary adjustments and pay-for-performance	25,351	24,605
Burden (benefits & employer taxes) for current staff	(7,026)	13,484
<b>Total Increase / (Decrease) in Personnel Costs</b>	<b>123,016</b>	<b>38,089</b>
Risk Management safety consultants	119,222	(15,000)
New State Government Relations Consultant contract	(52,000)	-
Property insurance	(309,719)	33,060
Other, net	(8,252)	-
<b>Total Increase / (Decrease) in Non-Personnel Costs</b>	<b>(250,749)</b>	<b>33,060</b>
<b>Total Increase / (Decrease)</b>	<b>(127,733)</b>	<b>71,149</b>
<b>FY 2017 Budget / FY 2018 Conceptual Budget</b>	<b>\$ 3,179,108</b>	<b>\$ 3,250,257</b>

**EXECUTIVE DIVISION – INTER-GOVERNMENTAL RELATIONS  
FY 2017 – FY 2018 Organizational Structure**



*No personnel changes in FY 2018.*

**EXECUTIVE DIVISION – INTER-GOVERNMENTAL RELATIONS**  
**FY 2017 Budget - FY 2018 Conceptual Budget Expense Summary**

	FY 2015 Actuals	FY 2016 Budget	FY 2017 Budget	Inc / (Dec) FY 17 vs FY 16 Budget	% Change	FY 2018 Conceptual Budget	Inc / (Dec) FY 18 Conceptual vs FY 17 Budget	% Change
<b>Operating Expenses:</b>								
<b>Personnel Expenses</b>								
Salaries and Wages	\$ 248,918	\$ 259,882	\$ 217,997	\$ (41,885)	-16.1%	\$ 224,357	\$ 6,360	2.9%
Premium Overtime	478	-	-	-	0.0%	-	-	0.0%
Employee Benefits	127,052	133,985	108,319	(25,666)	-19.2%	112,573	4,253	3.9%
Subtotal	376,448	393,867	326,317	(67,550)	-17.2%	336,930	10,613	3.3%
Less: Capitalized Labor	-	-	-	-	0.0%	-	-	0.0%
Less: QHP - Labor/Burden/Labor Overhead	-	-	-	-	0.0%	-	-	0.0%
<b>Total Personnel Expenses</b>	<b>376,448</b>	<b>393,867</b>	<b>326,317</b>	<b>(67,550)</b>	<b>-17.2%</b>	<b>336,930</b>	<b>10,613</b>	<b>3.3%</b>
<b>Non-Personnel Expenses</b>								
Contractual Services	287,098	352,150	300,150	(52,000)	-14.8%	300,150	-	0.0%
Safety and Security	-	-	-	-	0.0%	-	-	0.0%
Space Rental	-	-	-	-	0.0%	-	-	0.0%
Utilities	-	150	100	(50)	-33.3%	100	-	0.0%
Maintenance	-	-	-	-	0.0%	-	-	0.0%
Operating Equipment & Systems	-	1,000	1,000	-	0.0%	1,000	-	0.0%
Operating Supplies	1,403	2,500	2,500	-	0.0%	2,500	-	0.0%
Insurance	-	-	-	-	0.0%	-	-	0.0%
Employee Programs	20,284	21,200	24,700	3,500	16.5%	23,700	(1,000)	-4.0%
Business Development	95,753	125,600	109,300	(16,300)	-13.0%	110,300	1,000	0.9%
Equipment Rentals & Repairs	-	250	250	-	0.0%	250	-	0.0%
Tenant Improvements	-	-	-	-	0.0%	-	-	0.0%
<b>Total Non-Personnel Expenses</b>	<b>404,539</b>	<b>502,850</b>	<b>438,000</b>	<b>(64,850)</b>	<b>-12.9%</b>	<b>438,000</b>	<b>-</b>	<b>0.0%</b>
<b>Total Operating Expenses</b>	<b>780,987</b>	<b>896,717</b>	<b>764,317</b>	<b>(132,400)</b>	<b>-14.8%</b>	<b>774,930</b>	<b>10,613</b>	<b>1.4%</b>
<b>Non-Operating Expenses:</b>								
Joint Studies/Sound Attenuation	-	-	-	-	0.0%	-	-	0.0%
Debt Service	-	-	-	-	0.0%	-	-	0.0%
Legal Settlements Expense	-	-	-	-	0.0%	-	-	0.0%
<b>Total Non-Operating Expenses</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>0.0%</b>	<b>-</b>	<b>-</b>	<b>0.0%</b>
<b>Total Expenses</b>	<b>780,987</b>	<b>896,717</b>	<b>764,317</b>	<b>(132,400)</b>	<b>-14.8%</b>	<b>774,930</b>	<b>10,613</b>	<b>1.4%</b>
Equipment Outlay	-	-	-	-	0.0%	-	-	0.0%
<b>Total Authority Expenses incl Equip Outlay</b>	<b>\$ 780,987</b>	<b>\$ 896,717</b>	<b>\$ 764,317</b>	<b>\$ (132,400)</b>	<b>-14.8%</b>	<b>\$ 774,930</b>	<b>\$ 10,613</b>	<b>1.4%</b>

**EXECUTIVE DIVISION – INTER-GOVERNMENTAL RELATIONS**  
**Major Drivers of FY 2017 Budget & FY 2018 Conceptual Budget**

	<b>Inc / (Dec) FY 17 vs FY 16</b>	<b>Inc / (Dec) FY 18 Conceptual vs FY 17</b>
<b>FY 2016 Budget / FY 2017 Budget</b>	<b>\$ 896,717</b>	<b>\$ 764,317</b>
<b>Personnel Costs</b>		
Salary adjustments and pay-for-performance	8,096	6,360
Burden (benefits & employer taxes) for current staff	(7,986)	4,253
1 position of Administrative Assistant II (salaries & burden) transferred to Risk Management	(67,661)	
<b>Total Increase / (Decrease) in Personnel Costs</b>	<b>(67,550)</b>	<b>10,613</b>
New State Government Relations Consultant contract	(52,000)	-
Other, net	(12,850)	-
<b>Total Increase / (Decrease) in Non-Personnel Costs</b>	<b>(64,850)</b>	<b>-</b>
<b>Total Increase / (Decrease)</b>	<b>(132,400)</b>	<b>10,613</b>
<b>FY 2017 Budget / FY 2018 Conceptual Budget</b>	<b>\$ 764,317</b>	<b>\$ 774,930</b>

## EXECUTIVE DIVISION – INTER-GOVERNMENTAL RELATIONS

### Departmental Goals

#### FY 2016 PROGRESS REPORT

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

**PROGRESS:** Inter-Governmental Relations (IGR) staff proactively provided presentations and obtained letters of support from numerous San Diego organizations (e.g. chambers of commerce, economic development corporations) that are being used to advocate for an increase in the Passenger Facility Charge (PFC) limit. We coordinated closely with Airports Council International–North America (ACI-NA) and AAAE, providing them a copy of our PFC presentation and support letters and San Diego International Airport’s PFC advocacy efforts were pointed to as an example during the 2015 Airport Commissioners conference. Staff continues to use these letters when meeting with members of Congress.

**INITIATIVE:** Focus on revenue generation and cost control.

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

**PROGRESS:** As the 2016 Employee Opinion Pulse Survey has not yet been executed, progress on achieving this goal cannot yet be provided.

**INITIATIVE:** Strategically engage our employees in sustainable business practices.

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

**PROGRESS:** IGR staff has taken the lead in establishing a grants/external funding working group that works closely with the Airport Authority’s legislative consultants in exploring potential grants and other funding opportunities for the Authority. This cross-departmental group is in the process of determining the best funding opportunities for the Authority to submit applications.

**INITIATIVE:** Focus on revenue generation and cost control.

**EXECUTIVE DIVISION – INTER-GOVERNMENTAL RELATIONS**  
**Departmental Goals**

**FY 2017 – FY 2018 GOALS**

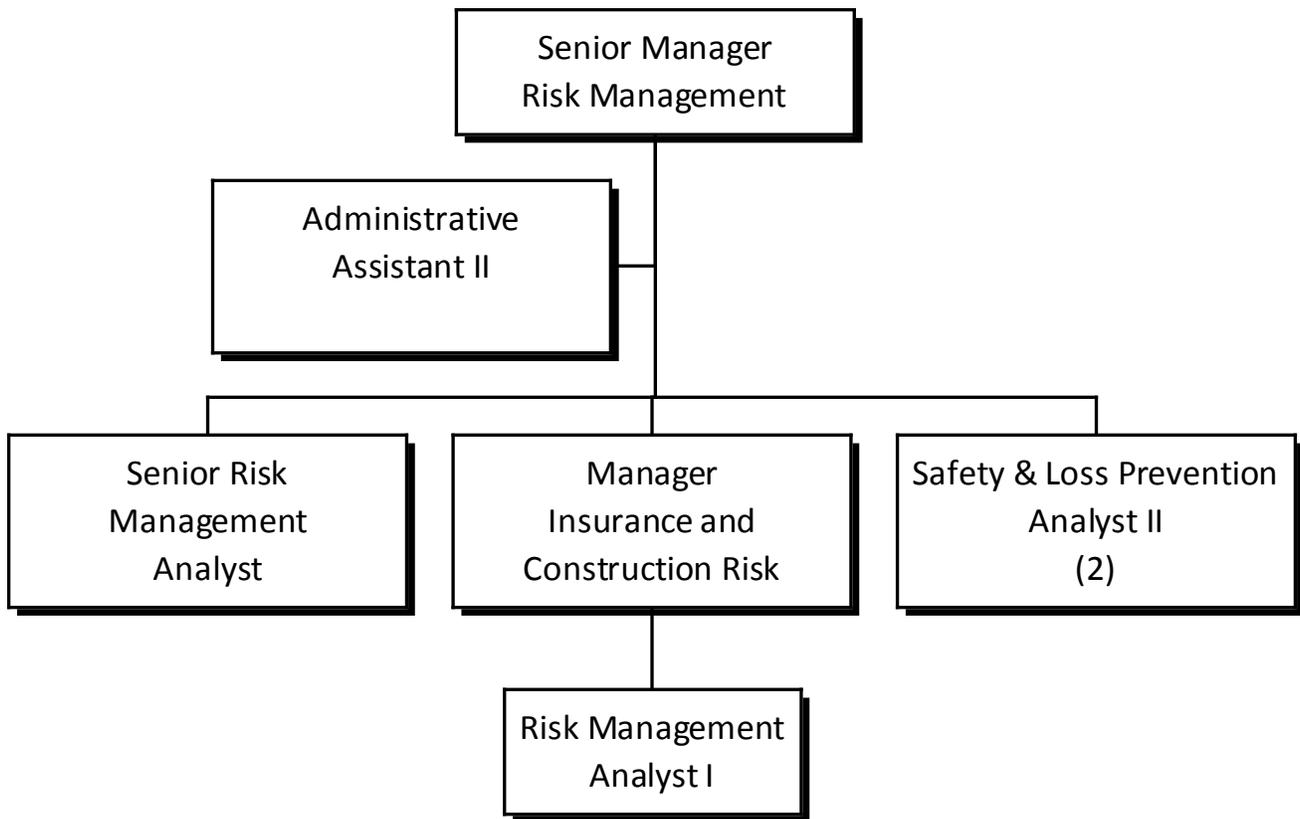
1. With the introduction of new FAA Reauthorization legislation, coordinate with Airports Council International-North America, the American Association of Airport Executives, the California Airports Council and others to include language supporting Authority legislative priorities: Passenger Facility Charge modernization, balanced airport industry representation on the newly created [Air Traffic Control] governing board, and resuming nonstop service to Reagan National Airport.

**INITIATIVE:** Focus on revenue generation and cost control.

2. Coordinate and schedule 2 quarterly legislative updates with appropriate Authority departments.

**INITIATIVE:** Strategically engage our employees in sustainable business practices.

**Executive Division – Risk Management**  
**FY 2017 – FY 2018 Organizational Structure**



*No personnel changes in FY 2018.*

**EXECUTIVE DIVISION – RISK MANAGEMENT**  
**FY 2017 Budget - FY 2018 Conceptual Budget Expense Summary**

	FY 2015 Actuals	FY 2016 Budget	FY 2017 Budget	Inc / (Dec) FY 17 vs FY 16 Budget	% Change	FY 2018 Conceptual Budget	Inc / (Dec) FY 18 Conceptual vs FY 17 Budget	% Change
<b>Operating Expenses:</b>								
<b>Personnel Expenses</b>								
Salaries and Wages	\$ 439,874	\$ 467,364	\$ 614,168	\$ 146,803	31.4%	\$ 632,413	\$ 18,245	3.0%
Premium Overtime	273	-	-	-	0.0%	-	-	0.0%
Employee Benefits	200,621	207,732	251,495	43,763	21.1%	260,726	9,231	3.7%
Subtotal	640,767	675,096	865,663	190,567	28.2%	893,139	27,476	3.2%
Less: Capitalized Labor	-	-	-	-	0.0%	-	-	0.0%
Less: QHP - Labor/Burden/Labor Overhead	-	-	-	-	0.0%	-	-	0.0%
<b>Total Personnel Expenses</b>	<b>640,767</b>	<b>675,096</b>	<b>865,663</b>	<b>190,567</b>	<b>28.2%</b>	<b>893,139</b>	<b>27,476</b>	<b>3.2%</b>
<b>Non-Personnel Expenses</b>								
Contractual Services	236,868	366,350	485,572	119,222	32.5%	470,572	(15,000)	-3.1%
Safety and Security	-	-	-	-	0.0%	-	-	0.0%
Space Rental	-	-	-	-	0.0%	-	-	0.0%
Utilities	4	-	200	200	0.0%	200	-	0.0%
Maintenance	-	-	-	-	0.0%	-	-	0.0%
Operating Equipment & Systems	1,271	250	1,000	750	300.0%	1,000	-	0.0%
Operating Supplies	4,938	3,500	9,100	5,600	160.0%	9,100	-	0.0%
Insurance	1,145,376	1,322,477	1,012,758	(309,719)	-23.4%	1,045,818	33,060	3.3%
Employee Programs	18,169	27,000	31,323	4,323	16.0%	31,323	-	0.0%
Business Development	12,367	15,450	9,175	(6,275)	-40.6%	9,175	-	0.0%
Equipment Rentals & Repairs	78	-	-	-	0.0%	-	-	0.0%
Tenant Improvements	-	-	-	-	0.0%	-	-	0.0%
<b>Total Non-Personnel Expenses</b>	<b>1,419,072</b>	<b>1,735,027</b>	<b>1,549,128</b>	<b>(185,899)</b>	<b>-10.7%</b>	<b>1,567,188</b>	<b>18,060</b>	<b>1.2%</b>
<b>Total Operating Expenses</b>	<b>2,059,839</b>	<b>2,410,123</b>	<b>2,414,791</b>	<b>4,668</b>	<b>0.2%</b>	<b>2,460,327</b>	<b>45,536</b>	<b>1.9%</b>
<b>Non-Operating Expenses:</b>								
Joint Studies/Sound Attenuation	-	-	-	-	0.0%	-	-	0.0%
Debt Service	-	-	-	-	0.0%	-	-	0.0%
Legal Settlements Expense	-	-	-	-	0.0%	-	-	0.0%
<b>Total Non-Operating Expenses</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>0.0%</b>	<b>-</b>	<b>-</b>	<b>0.0%</b>
<b>Total Expenses</b>	<b>2,059,839</b>	<b>2,410,123</b>	<b>2,414,791</b>	<b>4,668</b>	<b>0.2%</b>	<b>2,460,327</b>	<b>45,536</b>	<b>1.9%</b>
Equipment Outlay	-	-	-	-	0.0%	15,000	15,000	0.0%
<b>Total Authority Expenses incl Equip Outlay</b>	<b>\$ 2,059,839</b>	<b>\$ 2,410,123</b>	<b>\$ 2,414,791</b>	<b>\$ 4,668</b>	<b>0.2%</b>	<b>\$ 2,475,327</b>	<b>\$ 60,536</b>	<b>2.5%</b>

**EXECUTIVE DIVISION – RISK MANAGEMENT**  
**Major Drivers of FY 2017 Budget & FY 2018 Conceptual Budget**

	Inc / (Dec) FY 17 vs FY 16	Inc / (Dec) FY 18 Conceptual vs FY 17
<b>FY 2016 Budget / FY 2017 Budget</b>	<b>\$ 2,410,123</b>	<b>\$ 2,414,791</b>
<b>Personnel Costs</b>		
1 New position of Safety & Loss Prevention Analyst II (salaries & burden)	104,691	-
1 position of Administrative Assistant II (salaries & burden) transferred from Inter-Governmental Relations	67,661	-
Salary adjustments and pay-for-performance	17,255	18,245
Burden (benefits & employer taxes) for current staff	960	9,231
<b>Total Increase / (Decrease) in Personnel Costs</b>	<b>190,567</b>	<b>27,476</b>
Risk Management safety consultants	119,222	(15,000)
Property Insurance	(309,719)	33,060
Other, net	4,598	15,000
<b>Total Increase / (Decrease) in Non-Personnel Costs</b>	<b>(185,899)</b>	<b>33,060</b>
<b>Total Increase / (Decrease)</b>	<b>4,668</b>	<b>60,536</b>
<b>FY 2017 Budget / FY 2018 Conceptual Budget</b>	<b>\$ 2,414,791</b>	<b>\$ 2,475,327</b>

**EXECUTIVE DIVISION – RISK MANAGEMENT**  
**Departmental Goals**

**FY 2016 PROGRESS REPORT**

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

**PROGRESS:** We have commenced the development of an enterprise-wide risk management program whereby sustainable business practices involving financial, environmental and human elements of risk mitigation are being incorporated throughout the organization. A dedicated unit within the department has been established and is currently developing this initiative.

**INITIATIVE:** Maintain a long-term capital plan; focus on revenue generation and cost control.

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

**PROGRESS:** Upon receiving a safety assessment we have deployed assets to mitigate numerous safety exposures at the authority as well as develop written programs to help reduce employee risk, save money and create a work environment that is secure and sustainable.

**INITIATIVE:** Strategically engage our employees in sustainable business practices.

**EXECUTIVE DIVISION – RISK MANAGEMENT**  
**Departmental Goals**

**FY 2017 – FY 2018 GOALS**

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

**INITIATIVE:** Maintain a sustainable long-term capital plan; focus on revenue generation and cost control.

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

**INITIATIVE:** Strategically engage our employees in sustainable business practices.

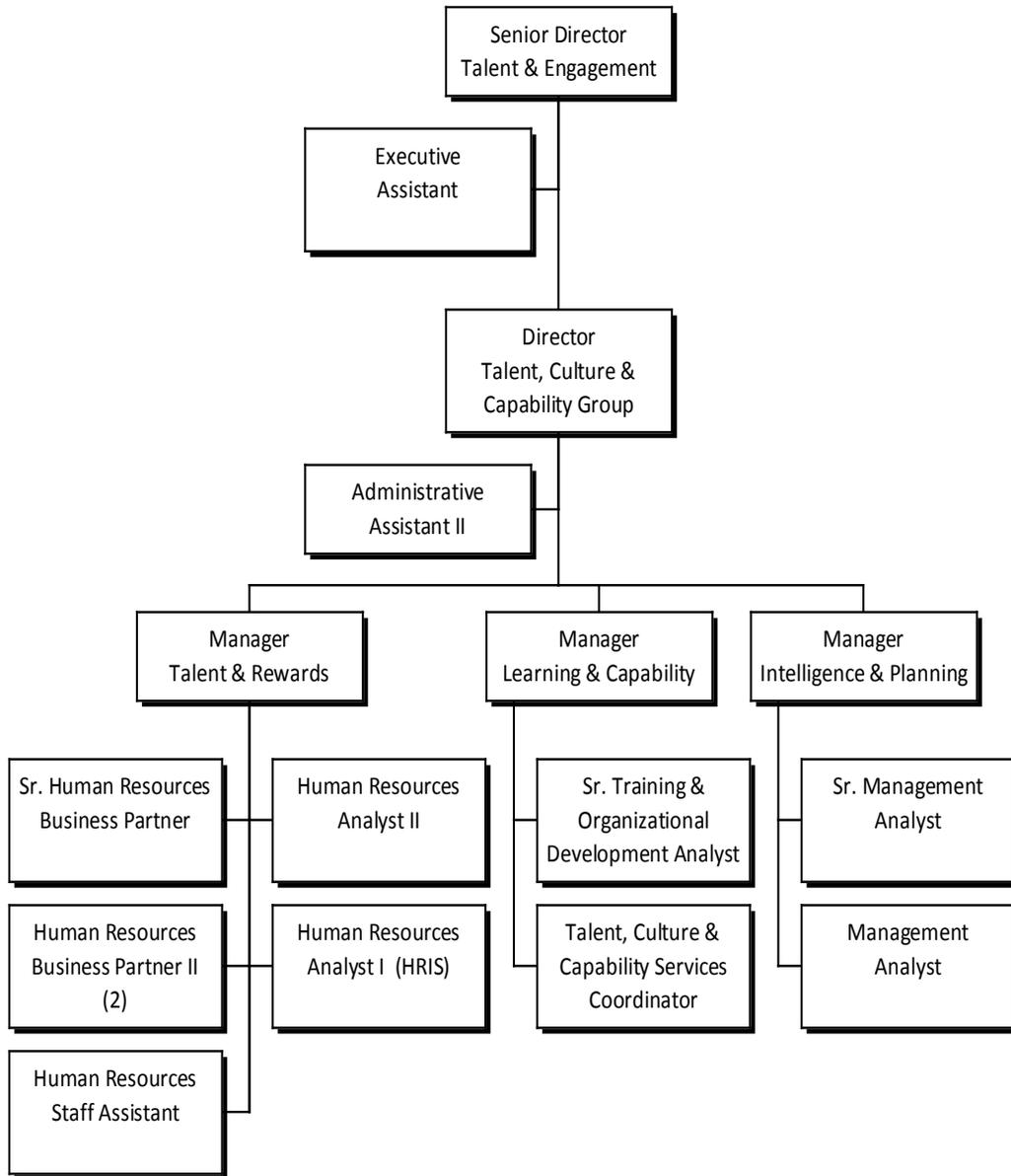
**EXECUTIVE DIVISION – TALENT AND ENGAGEMENT GROUP**  
**FY 2017 Budget - FY 2018 Conceptual Budget Expense Summary**

	FY 2015 Actuals	FY 2016 Budget	FY 2017 Budget	Inc / (Dec) FY 17 vs FY 16 Budget	% Change	FY 2018 Conceptual Budget	Inc / (Dec) FY 18 Conceptual vs FY 17 Budget	% Change
<b>Operating Expenses:</b>								
<b>Personnel Expenses</b>								
Salaries and Wages	\$ 2,406,975	\$ 2,849,774	\$ 3,075,550	\$ 225,776	7.9%	\$ 3,356,590	\$ 281,040	9.1%
Premium Overtime	394	-	-	-	0.0%	-	-	0.0%
Employee Benefits	1,163,900	1,302,905	1,322,949	20,044	1.5%	1,422,184	99,235	7.5%
Subtotal	3,571,270	4,152,679	4,398,500	245,821	5.9%	4,778,774	380,274	8.6%
Less: Capitalized Labor	(26,080)	(103,298)	-	103,298	-100.0%	-	-	0.0%
Less: QHP - Labor/Burden/Labor Overhead	-	-	-	-	0.0%	-	-	0.0%
<b>Total Personnel Expenses</b>	<b>3,545,190</b>	<b>4,049,382</b>	<b>4,398,500</b>	<b>349,118</b>	<b>8.6%</b>	<b>4,778,774</b>	<b>380,274</b>	<b>8.6%</b>
<b>Non-Personnel Expenses</b>								
Contractual Services	1,559,905	1,805,700	2,000,500	194,800	10.8%	1,853,000	(147,500)	-7.4%
Safety and Security	-	-	-	-	0.0%	-	-	0.0%
Space Rental	2,800	1,200	1,200	-	0.0%	1,200	-	0.0%
Utilities	19,646	2,750	1,150	(1,600)	-58.2%	1,150	-	0.0%
Maintenance	-	-	-	-	0.0%	-	-	0.0%
Operating Equipment & Systems	3,616	28,400	10,400	(18,000)	-63.4%	20,900	10,500	101.0%
Operating Supplies	20,782	14,660	11,700	(2,960)	-20.2%	11,700	-	0.0%
Insurance	-	-	-	-	0.0%	-	-	0.0%
Employee Programs	263,681	359,125	335,150	(23,975)	-6.7%	352,730	17,580	5.2%
Business Development	786,126	863,010	1,177,430	314,420	36.4%	1,861,080	683,650	58.1%
Equipment Rentals & Repairs	24,590	37,000	63,000	26,000	164.3%	48,000	(15,000)	-90.9%
Tenant Improvements	-	-	-	-	0.0%	-	-	0.0%
<b>Total Non-Personnel Expenses</b>	<b>2,681,145</b>	<b>3,111,845</b>	<b>3,600,530</b>	<b>488,685</b>	<b>15.7%</b>	<b>4,149,760</b>	<b>549,230</b>	<b>15.3%</b>
<b>Total Operating Expenses</b>	<b>6,226,335</b>	<b>7,161,227</b>	<b>7,999,030</b>	<b>837,803</b>	<b>11.7%</b>	<b>8,928,534</b>	<b>929,504</b>	<b>11.6%</b>
<b>Non-Operating Expenses:</b>								
Joint Studies/Sound Attenuation	-	-	-	-	0.0%	-	-	0.0%
Debt Service	-	-	-	-	0.0%	-	-	0.0%
Legal Settlements Expense	-	-	-	-	0.0%	-	-	0.0%
<b>Total Non-Operating Expenses</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>0.0%</b>	<b>-</b>	<b>-</b>	<b>0.0%</b>
<b>Total Expenses</b>	<b>6,226,335</b>	<b>7,161,227</b>	<b>7,999,030</b>	<b>837,803</b>	<b>11.7%</b>	<b>8,928,534</b>	<b>929,504</b>	<b>11.6%</b>
Equipment Outlay	8,417	-	100,000	100,000	0.0%	20,000	(80,000)	-80.0%
<b>Total Authority Expenses incl Equip Outlay</b>	<b>\$ 6,234,752</b>	<b>\$ 7,161,227</b>	<b>\$ 8,099,030</b>	<b>\$ 937,803</b>	<b>13.1%</b>	<b>\$ 8,948,534</b>	<b>\$ 849,504</b>	<b>10.5%</b>

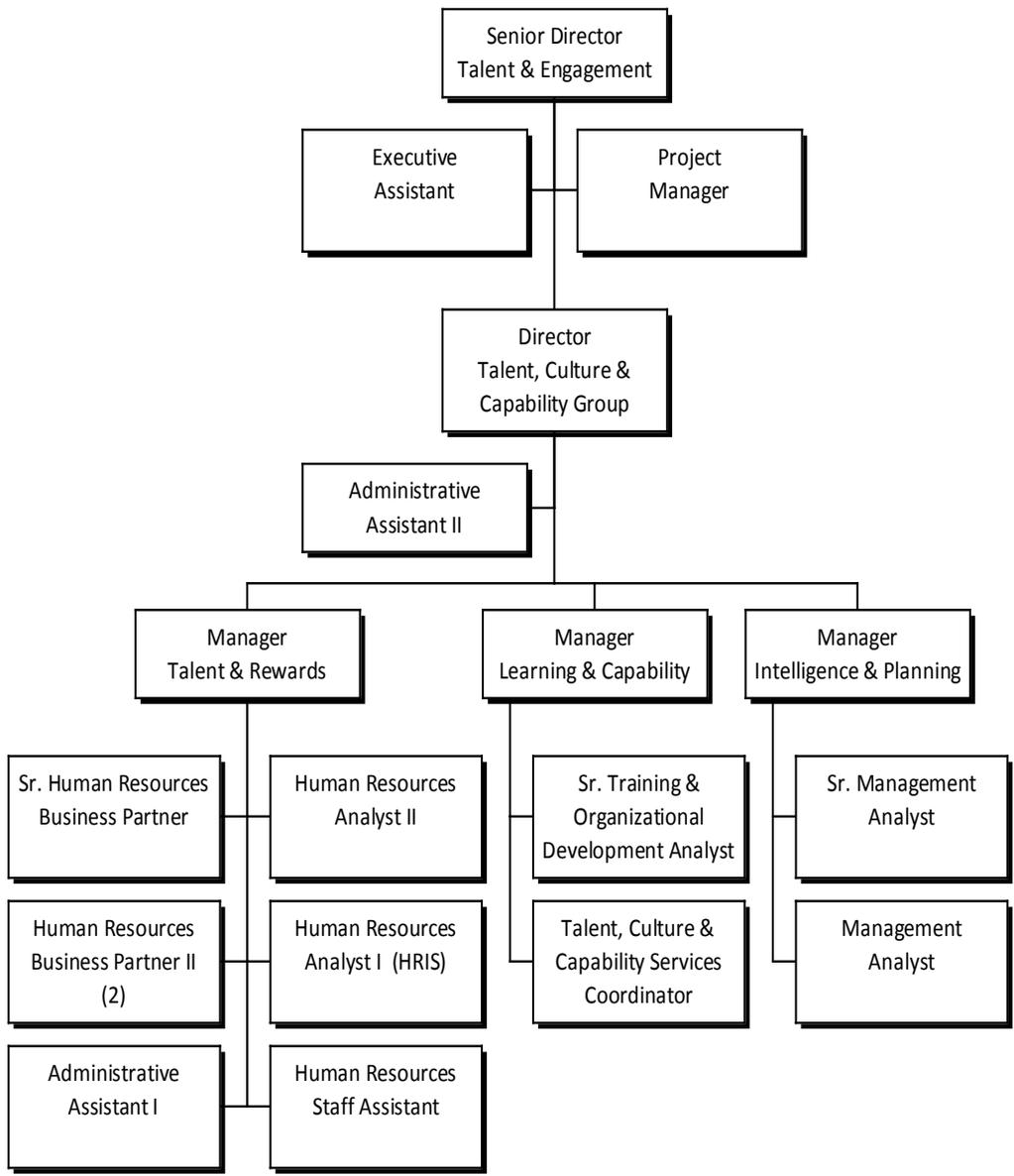
**EXECUTIVE DIVISION – TALENT AND ENGAGEMENT GROUP**  
**Major Drivers of FY 2017 Budget & FY 2018 Conceptual Budget**

	Inc / (Dec) FY 17 vs FY 16	Inc / (Dec) FY 18 Conceptual vs FY 17
<b>FY 2016 Budget / FY 2017 Budget</b>	<b>\$ 7,161,227</b>	<b>\$ 8,099,030</b>
<b>Personnel Costs</b>		
Salary adjustments and pay-for-performance	146,932	86,159
1 New position of Art Program Coordinator II (salaries & burden)	106,859	-
Capitalized Labor	103,298	-
1 New position of Project Manager (salaries & burden)	-	144,800
1 New position of Marketing Specialist II (salaries & burden)	-	115,503
Burden (benefits & employer taxes) for current staff	(7,971)	33,813
<b>Total Increase / (Decrease) in Personnel Costs</b>	<b>349,118</b>	<b>380,274</b>
Transfer CDP marketing from Terminal & Tenants in Operations division	420,000	30,000
Construction of Air and Space Museum Exhibit	80,000	(80,000)
Sponsorships and marketing activities	40,800	509,650
Other, net	47,885	9,580
<b>Total Increase / (Decrease) in Non-Personnel Costs</b>	<b>588,685</b>	<b>469,230</b>
<b>Total Increase / (Decrease)</b>	<b>937,803</b>	<b>849,504</b>
<b>FY 2016 Budget / FY 2017 Conceptual Budget</b>	<b>\$ 8,099,030</b>	<b>\$ 8,948,534</b>

**EXECUTIVE DIVISION – TALENT, CULTURE & CAPABILITY**  
**FY 2017 Organizational Structure**



**EXECUTIVE DIVISION – TALENT, CULTURE AND CAPABILITY  
FY 2018 Organizational Structure**



**EXECUTIVE DIVISION – TALENT, CULTURE AND CAPABILITY**  
**FY 2017 Budget - FY 2018 Conceptual Budget Expense Summary**

	FY 2015 Actuals	FY 2016 Budget	FY 2017 Budget	Inc / (Dec) FY 17 vs FY 16 Budget	% Change	FY 2018 Conceptual Budget	Inc / (Dec) FY 18 Conceptual vs FY 17 Budget	% Change
<b>Operating Expenses:</b>								
<b>Personnel Expenses</b>								
Salaries and Wages	\$ 1,393,610	\$ 1,681,565	\$ 1,752,143	\$ 70,578	4.2%	\$ 1,908,172	\$ 156,029	8.9%
Premium Overtime	296	-	-	-	0.0%	-	-	0.0%
Employee Benefits	688,580	730,174	738,267	8,093	1.1%	784,940	46,673	6.3%
Subtotal	2,082,487	2,411,739	2,490,410	78,671	3.3%	2,693,113	202,703	8.1%
Less: Capitalized Labor	-	-	-	-	0.0%	-	-	0.0%
Less: QHP - Labor/Burden/Labor Overhead	-	-	-	-	0.0%	-	-	0.0%
<b>Total Personnel Expenses</b>	<b>2,082,487</b>	<b>2,411,739</b>	<b>2,490,410</b>	<b>78,671</b>	<b>3.3%</b>	<b>2,693,113</b>	<b>202,703</b>	<b>8.1%</b>
<b>Non-Personnel Expenses</b>								
Contractual Services	414,557	488,200	559,000	70,800	14.5%	570,500	11,500	2.1%
Safety and Security	-	-	-	-	0.0%	-	-	0.0%
Space Rental	-	-	-	-	0.0%	-	-	0.0%
Utilities	455	250	150	(100)	-40.0%	150	-	0.0%
Maintenance	-	-	-	-	0.0%	-	-	0.0%
Operating Equipment & Systems	1,269	3,400	3,400	-	0.0%	3,400	-	0.0%
Operating Supplies	8,172	7,800	7,800	-	0.0%	7,800	-	0.0%
Insurance	-	-	-	-	0.0%	-	-	0.0%
Employee Programs	202,256	294,925	275,400	(19,525)	-6.6%	282,150	6,750	2.5%
Business Development	75,807	50,435	45,935	(4,500)	-8.9%	45,935	-	0.0%
Equipment Rentals & Repairs	23,915	30,000	40,500	10,500	35.6%	40,500	-	0.0%
Tenant Improvements	-	-	-	-	0.0%	-	-	0.0%
<b>Total Non-Personnel Expenses</b>	<b>726,432</b>	<b>875,010</b>	<b>932,185</b>	<b>57,175</b>	<b>6.5%</b>	<b>950,435</b>	<b>18,250</b>	<b>2.0%</b>
<b>Total Operating Expenses</b>	<b>2,808,918</b>	<b>3,286,749</b>	<b>3,422,595</b>	<b>135,846</b>	<b>4.1%</b>	<b>3,643,548</b>	<b>220,953</b>	<b>6.5%</b>
<b>Non-Operating Expenses:</b>								
Joint Studies/Sound Attenuation	-	-	-	-	0.0%	-	-	0.0%
Debt Service	-	-	-	-	0.0%	-	-	0.0%
Legal Settlements Expense	-	-	-	-	0.0%	-	-	0.0%
<b>Total Non-Operating Expenses</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>0.0%</b>	<b>-</b>	<b>-</b>	<b>0.0%</b>
<b>Total Expenses</b>	<b>2,808,918</b>	<b>3,286,749</b>	<b>3,422,595</b>	<b>135,846</b>	<b>4.1%</b>	<b>3,643,548</b>	<b>220,953</b>	<b>6.5%</b>
Equipment Outlay	-	-	20,000	20,000	0.0%	20,000	-	0.0%
<b>Total Authority Expenses incl Equip Outlay</b>	<b>\$ 2,808,918</b>	<b>\$ 3,286,749</b>	<b>\$ 3,442,595</b>	<b>\$ 155,846</b>	<b>4.7%</b>	<b>\$ 3,663,548</b>	<b>\$ 220,953</b>	<b>6.4%</b>

**EXECUTIVE DIVISION – TALENT, CULTURE AND CAPABILITY**  
**Major Drivers of FY 2017 Budget & FY 2018 Conceptual Budget**

	<b>Inc / (Dec) FY 17 vs FY 16</b>	<b>Inc / (Dec) FY 18 Conceptual vs FY 17</b>
<b>FY 2016 Budget / FY 2017 Budget</b>	<b>\$ 3,286,749</b>	<b>\$ 3,442,595</b>
<b>Personnel Costs</b>		
Salary adjustments and pay-for-performance	70,578	46,456
Burden (benefits & employer taxes) for current staff	8,093	11,447
1 New position of Project Manager (salaries & burden)	-	144,800
<b>Total Increase / (Decrease) in Personnel Costs</b>	<b>78,671</b>	<b>202,703</b>
Contractual services	70,800	11,500
Other, net	6,375	6,750
<b>Total Increase / (Decrease) in Non-Personnel Costs</b>	<b>77,175</b>	<b>18,250</b>
<b>Total Increase / (Decrease)</b>	<b>155,846</b>	<b>220,953</b>
<b>FY 2017 Budget / FY 2018 Conceptual Budget</b>	<b>\$ 3,442,595</b>	<b>\$ 3,663,548</b>

## EXECUTIVE DIVISION – TALENT, CULTURE AND CAPABILITY

### Departmental Goals

#### FY 2016 PROGRESS REPORT

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

**PROGRESS:** With 35% of the workforce becoming retirement eligible by 2020 and departments actively seeking to develop more sustainable business practices, assessing and planning for the acquisition or development of the organizational capabilities required to execute our strategy is key to sustained success. Workforce plans addressing these needs are under development or being actively managed in 40% of Authority departments.

**INITIATIVE:** Strategically engage our employees in sustainable business practices.

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

**PROGRESS:** New coaching skills have been trained and are being reinforced and embedded across the organization in anticipation of a July 1, 2016 transition to a coaching based performance system. Additional training on Situational Leadership skills and Career Development practices is planned for the remainder of Fiscal 16 and 17.

**INITIATIVE:** Strategically engage our employees in sustainable business practices.

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

**PROGRESS:** 2015 Compensation and benefits benchmarking have been completed. Additional research and consulting support are being leveraged to assess benefit portability with the intent of assuring the Authority's total rewards program attracts and retains highly qualified talent.

**INITIATIVE:** Strategically engage our employees in sustainable business practices.

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

**PROGRESS:** Data validation processes have been implemented to confirm accuracy of satisfaction scores and determine potential drivers of satisfaction not reported in the ASQ. Stakeholder groups are reviewing results and working to identify interventions that increase satisfaction ratings.

**INITIATIVE:** Strategically engage our employees in sustainable business practices; focus on revenue generation and cost control opportunities.

## EXECUTIVE DIVISION – TALENT, CULTURE AND CAPABILITY

### Departmental Goals

#### FY 2017 – FY 2018 GOALS

1. Embed workforce plans throughout the organization that assure business leaders identify required future capabilities and appropriate strategies to achieve vision, with 75% of departments having a plan in place.

**INITIATIVE:** Strategically engage our employees in sustainable business practices.

2. Integrate new performance management practices that align to the needs of the business and achieve sustained employee productivity and support execution of organizational initiatives.

**INITIATIVE:** Strategically engage our employees in sustainable business practices.

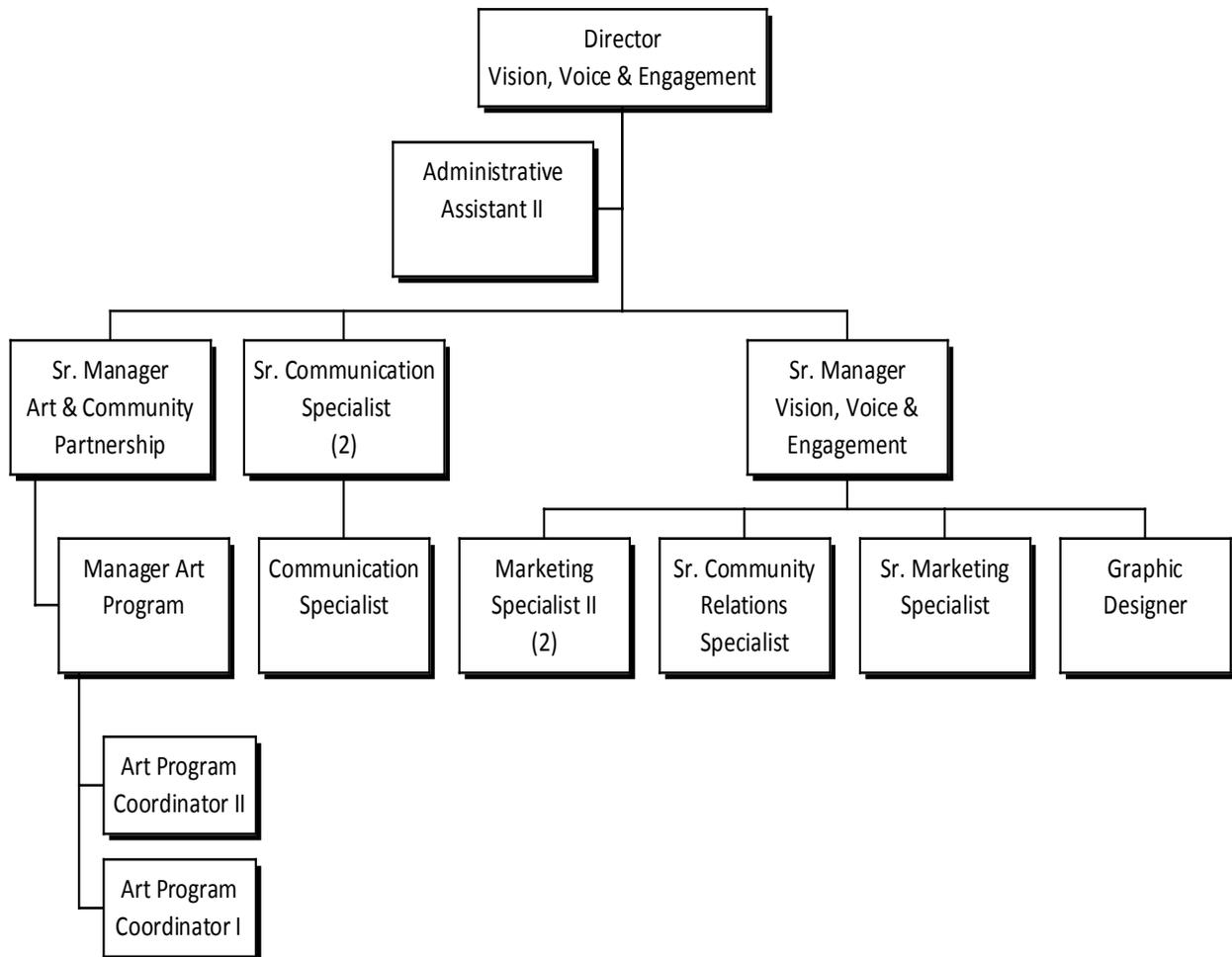
3. Manage customer and community experience research, analysis and reporting to support stakeholders in their efforts to improve satisfaction consistent with the annual action plan.

**INITIATIVE:** Strategically engage our employees in sustainable business practices.

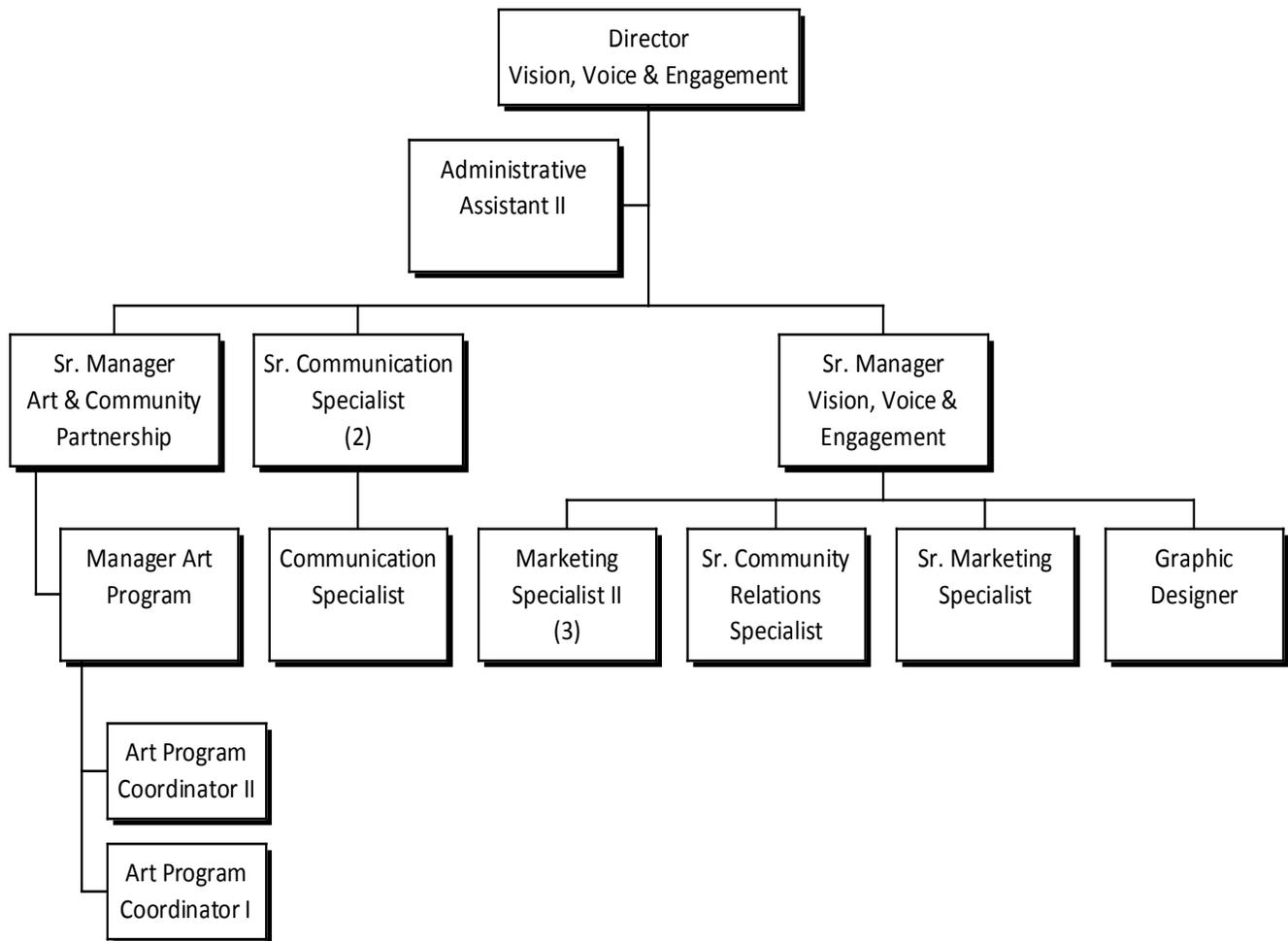
4. Enhanced employee engagement programs that sustain the recruitment, development and retention of a diverse, highly committed workforce.

**INITIATIVE:** Strategically engage our employees in sustainable business practices.

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



**EXECUTIVE DIVISION – VISION, VOICE & ENGAGEMENT**  
**FY 2018 Organizational Structure**



**EXECUTIVE DIVISION – VISION, VOICE & ENGAGEMENT**  
**FY 2017 Budget - FY 2018 Conceptual Budget Expense Summary**

	FY 2015 Actuals	FY 2016 Budget	FY 2017 Budget	Inc / (Dec) FY 17 vs FY 16 Budget	% Change	FY 2018 Conceptual Budget	Inc / (Dec) FY 18 Conceptual vs FY 17 Budget	% Change
<b>Operating Expenses:</b>								
<b>Personnel Expenses</b>								
Salaries and Wages	\$ 1,013,365	\$ 1,168,209	\$ 1,323,408	\$ 155,199	13.3%	\$ 1,448,418	\$ 125,010	9.4%
Premium Overtime	98	-	-	-	0.0%	-	-	0.0%
Employee Benefits	475,320	572,731	584,682	11,951	2.1%	637,244	52,561	9.0%
Subtotal	1,488,783	1,740,940	1,908,090	167,150	9.6%	2,085,661	177,572	9.3%
Less: Capitalized Labor	(26,080)	(103,298)	-	103,298	-100.0%	-	-	0.0%
Less: QHP - Labor/Burden/Labor Overhead	-	-	-	-	0.0%	-	-	0.0%
<b>Total Personnel Expenses</b>	<b>1,462,703</b>	<b>1,637,643</b>	<b>1,908,090</b>	<b>270,447</b>	<b>16.5%</b>	<b>2,085,661</b>	<b>177,572</b>	<b>9.3%</b>
<b>Non-Personnel Expenses</b>								
Contractual Services	1,145,347	1,317,500	1,441,500	124,000	9.4%	1,282,500	(159,000)	-11.0%
Safety and Security	-	-	-	-	0.0%	-	-	0.0%
Space Rental	2,800	1,200	1,200	-	0.0%	1,200	-	0.0%
Utilities	19,191	2,500	1,000	(1,500)	-60.0%	1,000	-	0.0%
Maintenance	-	-	-	-	0.0%	-	-	0.0%
Operating Equipment & Systems	2,347	25,000	7,000	(18,000)	-72.0%	17,500	10,500	150.0%
Operating Supplies	12,610	6,860	3,900	(2,960)	-43.1%	3,900	-	0.0%
Insurance	-	-	-	-	0.0%	-	-	0.0%
Employee Programs	61,424	64,200	59,750	(4,450)	-6.9%	70,580	10,830	18.1%
Business Development	710,318	812,575	1,131,495	318,920	39.2%	1,815,145	683,650	60.4%
Equipment Rentals & Repairs	676	7,000	22,500	15,500	75.0%	7,500	(15,000)	-90.9%
Tenant Improvements	-	-	-	-	0.0%	-	-	0.0%
<b>Total Non-Personnel Expenses</b>	<b>1,954,713</b>	<b>2,236,835</b>	<b>2,668,345</b>	<b>431,510</b>	<b>19.3%</b>	<b>3,199,325</b>	<b>530,980</b>	<b>19.9%</b>
<b>Total Operating Expenses</b>	<b>3,417,417</b>	<b>3,874,478</b>	<b>4,576,435</b>	<b>701,957</b>	<b>18.1%</b>	<b>5,284,986</b>	<b>708,552</b>	<b>15.5%</b>
<b>Non-Operating Expenses:</b>								
Joint Studies/Sound Attenuation	-	-	-	-	0.0%	-	-	0.0%
Debt Service	-	-	-	-	0.0%	-	-	0.0%
Legal Settlements Expense	-	-	-	-	0.0%	-	-	0.0%
<b>Total Non-Operating Expenses</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>0.0%</b>	<b>-</b>	<b>-</b>	<b>0.0%</b>
<b>Total Expenses</b>	<b>3,417,417</b>	<b>3,874,478</b>	<b>4,576,435</b>	<b>701,957</b>	<b>18.1%</b>	<b>5,284,986</b>	<b>708,552</b>	<b>15.5%</b>
Equipment Outlay	8,417	-	80,000	80,000	0.0%	-	(80,000)	-100.0%
<b>Total Authority Expenses incl Equip Outlay</b>	<b>\$ 3,425,834</b>	<b>\$ 3,874,478</b>	<b>\$ 4,656,435</b>	<b>\$ 781,957</b>	<b>20.2%</b>	<b>\$ 5,284,986</b>	<b>\$ 628,552</b>	<b>13.5%</b>

**EXECUTIVE DIVISION – VISION, VOICE & ENGAGEMENT**  
**Major Drivers of FY 2017 Budget & FY 2018 Conceptual Budget**

	Inc / (Dec) FY 17 vs FY 16	Inc / (Dec) FY 18 Conceptual vs FY 17
<b>FY 2016 Budget / FY 2017 Budget</b>	<b>\$ 3,874,478</b>	<b>\$ 4,656,435</b>
<b>Personnel Costs</b>		
1 New position of Art Program Coordinator II (salaries & burden)	106,859	-
Capitalized labor	103,298	-
Salary adjustments and pay-for-performance	76,355	39,702
1 New position of Marketing Specialist II (salaries & burden)	-	115,503
<b>Total Increase / (Decrease) in Personnel Costs</b>	<b>270,447</b>	<b>177,572</b>
Transfer CDP marketing from Terminal & Tenants in Operations division	420,000	30,000
Construction of Air and Space Museum Exhibit	80,000	(80,000)
Sponsorships and marketing activities	40,800	509,650
Other, net	(29,290)	(8,670)
<b>Total Increase / (Decrease) in Non-Personnel Costs</b>	<b>511,510</b>	<b>450,980</b>
<b>Total Increase / (Decrease)</b>	<b>781,957</b>	<b>628,552</b>
<b>FY 2016 Budget / FY 2017 Conceptual Budget</b>	<b>\$ 4,656,435</b>	<b>\$ 5,284,986</b>

## EXECUTIVE DIVISION – VISION, VOICE & ENGAGEMENT

### Departmental Goals

#### FY 2016 PROGRESS REPORT

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

**PROGRESS:** No longer required.

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

**PROGRESS:** VVE staff worked with teams across the organization to launch this new program, which was created to increase awareness of Airport parking services and concessions. Seeded with monies from the Concessions Marketing Fund, the program provided parking customers with a \$5.00 voucher toward a purchase of \$5.00 or more at any of the 80 participating shops and restaurants. Average sales exceeded \$12.00 — a dollar more than the \$11.02 sales per enplanement the Airport recorded in November 2015 (all-time high). Redemption rate was 35%. The data has shown value in providing incentives for customers, who clearly spend more than the face value of a gift card. This data is being used to develop the Airport's upcoming loyalty program. Parking impacts are still being evaluated.

**INITIATIVE:** Focus on revenue generation and cost control; strategically engage our employees in sustainable business practices.
3. Community Art Workshop: Boost awareness and perception of Airport Art Program by hosting at least one interactive workshop in the community where members of the public can learn about and experience art.

**PROGRESS:** Art Program staff is in the process of preparing a number of different approaches to implementing a workshop in relation to the Point of Entry exhibit, while also determining the most impactful audiences to engage.

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

**PROGRESS:** VVE staff conducted meetings with stakeholders, including Concessions, Volunteer Airport Ambassadors, and internal teams to begin developing the plan for Airport-wide brand adoption. Staff discovered that a gap exists between the Authority's mission/vision/values and the connection to the overall customer experience in the Airport. With that in mind, staff will create a charter in FY 17 that clearly defines and articulates how what we do shapes the customer experience, and as a result defines the Airport brand.

**INITIATIVE:** Strategically engage our employees in sustainable business practices.

**EXECUTIVE DIVISION – VISION, VOICE & ENGAGEMENT**  
**Departmental Goals**

**FY 2017 – FY 2018 GOALS**

1. **ADP Public Outreach:** Continue to foster understanding and support for the Airport Development Plan through meetings/presentations with various stakeholders, including public agency representatives, elected officials and/or their staffs, business and community leaders and community planning groups through the participation of the Planning and the Intergovernmental Relations departments and the public outreach consultant team.

**INITIATIVE:** Maintain a sustainable long-term capital plan.

2. **Airport Brand Charter:** Engage employees in connecting with and bringing the Airport brand to life in daily interactions and business practices.

**INITIATIVE:** Strategically engage our employees in sustainable business practices.

3. **Customer Loyalty Program:** Develop a Loyalty Program that rewards Airport customers and enhances the overall customer experience. Use data from the pilot Incentive Program and findings from stakeholder meetings to determine program components.

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

4. **Youth Art Wall and Workshop:** Formalize Youth Art Wall component of Airport Arts Program by specifying qualifying criteria, developing an annual schedule and producing a hands-on workshop with an artist from the Airport’s annual Temporary Exhibition for the youth group, or school, chosen to display their artwork.

**INITIATIVE:** Strategically engage our employees in sustainable business practices.

# **DEVELOPMENT DIVISION**

## DEVELOPMENT DIVISION

### Overview

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

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

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

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

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

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

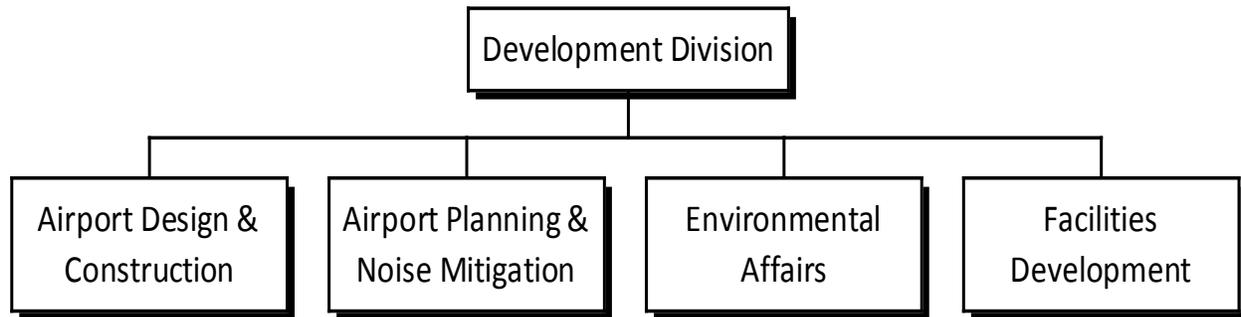
The various programs administered by Environmental Affairs are as follows:

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

The **AIRPORT DESIGN AND CONSTRUCTION DEPARTMENT (ADC)** is responsible for implementing the Authority's Airport Development Plan, including the design and construction of terminal, airside and landside improvements. Additionally ADC is responsible for the design and construction of the Terminal 2 Parking Plaza ("Parking Plaza") located in front of Terminal 2 and the implementation of the Authority's Solar Photovoltaic ("PV") program. Specifically, these projects include:

- The Parking Plaza is being implemented through a progressive design-build process that helps to increase alignment between the Authority and its contractor and to foster innovation within a team environment. The Parking Plaza is 1 million square foot parking facility for approximately 2,900 vehicles and includes passenger friendly amenities such as:
  - An innovative parking guidance system to allow customers to quickly find an available space, minimizing travel time in the plaza and reducing vehicle emissions
  - Enhanced wayfinding
  - Pedestrian lightwells that help orient customers and guide them safely and efficiently to and from the terminals. The Lightwells will be open and inviting spaces and will contain public art
- The Authority's PV program consists of construction of solar PV facilities at Terminal 2 West and in the Economy Parking Lot on the north side of the Airport. Both sites were procured using an innovative Power Purchase Agreement structure in which the Authority does not pay for design, construction, operation and maintenance of the facility, instead buying the electricity generated by the facility.
  - The 3.3 MW solar facility on the Terminal 2 West roof and in the Terminal 2 West Parking Lot was completed in January 2016 and is expected to generate 5 million kilowatt-hours of electricity in its first year of operation
  - The 2.2 MW solar facility in the Economy parking lot is expected to go into operation in December 2016 and generate approximately 3.5 million kilowatt-hours of electricity in its first year of operation

**DEVELOPMENT DIVISION**  
**FY 2017 – FY 2018 Organizational Structure**



**Division Personnel Summary**

	FY 2015 Budget	FY 2016 Budget	FY 2017 Budget Transfers	FY 2017 Budget New/ (Eliminated)	FY 2017 Budget	FY 2018 Budget New/ (Eliminated)	FY 2018 Conceptual Budget
<b>Development</b>							
Facilities Development	39	39	-	-	39	2	41
Airport Design & Construction	15	13	-	-	13	-	13
Environmental Affairs	9	9	-	1	10	-	10
Airport Planning, Noise Mitigation & QHP	20	20	-	-	20	-	20
<b>Total Authorized Positions</b>	<b>83</b>	<b>81</b>	<b>-</b>	<b>1</b>	<b>82</b>	<b>2</b>	<b>84</b>

**DEVELOPMENT DIVISION**  
**FY 2017 Budget – FY 2018 Conceptual Budget Expense Summary**

	<b>FY 2015 Actuals</b>	<b>FY 2016 Budget</b>	<b>FY 2017 Budget</b>	<b>Inc / (Dec) FY 17 vs FY 16 Budget</b>	<b>% Change</b>	<b>FY 2018 Conceptual Budget</b>	<b>Inc / (Dec) FY 18 Conceptual vs FY 17 Budget</b>	<b>% Change</b>
<b>Operating Expenses:</b>								
<b>Personnel Expenses</b>								
Salaries and Wages	\$ 6,142,430	\$ 6,937,067	\$ 7,125,587	\$ 188,520	2.7%	\$ 7,533,737	\$ 408,150	5.7%
Premium Overtime	18,806	20,000	20,000	-	0.0%	20,000	-	0.0%
Employee Benefits	3,042,173	3,404,181	3,244,931	(159,250)	-4.7%	3,423,956	179,025	5.5%
Subtotal	9,203,409	10,361,248	10,390,518	29,270	0.3%	10,977,694	587,175	5.7%
<i>Less: Capitalized Labor</i>	<i>(5,154,224)</i>	<i>(5,733,023)</i>	<i>(5,733,173)</i>	<i>(151)</i>	<i>0.0%</i>	<i>(6,144,809)</i>	<i>(411,635)</i>	<i>7.2%</i>
<i>Less: QHP - Labor/Burden/Labor Overhead</i>	<i>(784,323)</i>	<i>(674,897)</i>	<i>(662,631)</i>	<i>12,265</i>	<i>-1.8%</i>	<i>(684,707)</i>	<i>(22,075)</i>	<i>3.3%</i>
<b>Total Personnel Expenses</b>	<b>3,264,862</b>	<b>3,953,329</b>	<b>3,994,714</b>	<b>41,385</b>	<b>1.0%</b>	<b>4,148,179</b>	<b>153,465</b>	<b>3.8%</b>
<b>Non-Personnel Expenses</b>								
Contractual Services	3,250,511	4,076,114	4,971,143	895,029	22.0%	4,947,198	(23,945)	-0.5%
Safety and Security	-	-	-	-	0.0%	-	-	0.0%
Space Rental	-	-	-	-	0.0%	-	-	0.0%
Utilities	2,861	14,600	10,000	(4,600)	-31.5%	12,000	2,000	20.0%
Maintenance	565,968	710,000	1,984,243	1,274,243	179.5%	1,880,243	(104,000)	-5.2%
Operating Equipment & Systems	30,087	(5,635)	(5,486)	149	-2.6%	(7,108)	(1,622)	29.6%
Operating Supplies	43,640	17,975	39,497	21,522	119.7%	37,644	(1,852)	-4.7%
Insurance	-	-	-	-	0.0%	-	-	0.0%
Employee Programs	285,561	280,369	292,590	12,222	4.4%	230,424	(62,166)	-21.2%
Business Development	85,534	160,830	179,219	18,389	11.4%	168,819	(10,400)	-5.8%
Equipment Rentals & Repairs	322,344	270,549	277,791	7,242	-33.5%	247,229	(30,561)	-30.0%
Tenant Improvements	781,863	900,000	900,000	-	0.0%	990,000	90,000	10.0%
<b>Total Non-Personnel Expenses</b>	<b>5,368,370</b>	<b>6,424,802</b>	<b>8,648,997</b>	<b>2,224,195</b>	<b>34.6%</b>	<b>8,506,450</b>	<b>(142,547)</b>	<b>-1.6%</b>
<b>Total Operating Expenses</b>	<b>8,633,232</b>	<b>10,378,131</b>	<b>12,643,711</b>	<b>2,265,580</b>	<b>21.8%</b>	<b>12,654,629</b>	<b>10,918</b>	<b>0.1%</b>
<b>Non-Operating Expenses:</b>								
Joint Studies/Sound Attenuation	15,025,656	14,734,811	14,834,811	100,000	0.7%	14,834,811	-	0.0%
Debt Service	-	-	-	-	0.0%	-	-	0.0%
Legal Settlements Expense	-	-	-	-	0.0%	-	-	0.0%
<b>Total Non-Operating Expenses</b>	<b>15,025,656</b>	<b>14,734,811</b>	<b>14,834,811</b>	<b>100,000</b>	<b>0.7%</b>	<b>14,834,811</b>	<b>-</b>	<b>0.0%</b>
<b>Total Expenses</b>	<b>23,658,888</b>	<b>25,112,942</b>	<b>27,478,522</b>	<b>2,365,580</b>	<b>9.4%</b>	<b>27,489,440</b>	<b>10,918</b>	<b>0.0%</b>
Equipment Outlay	19,255	10,000	-	(10,000)	-100.0%	-	-	0.0%
<b>Total Development Division Expenses</b>	<b>\$ 23,678,143</b>	<b>\$ 25,122,942</b>	<b>\$ 27,478,522</b>	<b>\$ 2,355,580</b>	<b>9.4%</b>	<b>\$ 27,489,440</b>	<b>\$ 10,918</b>	<b>0.0%</b>

**DEVELOPMENT DIVISION**

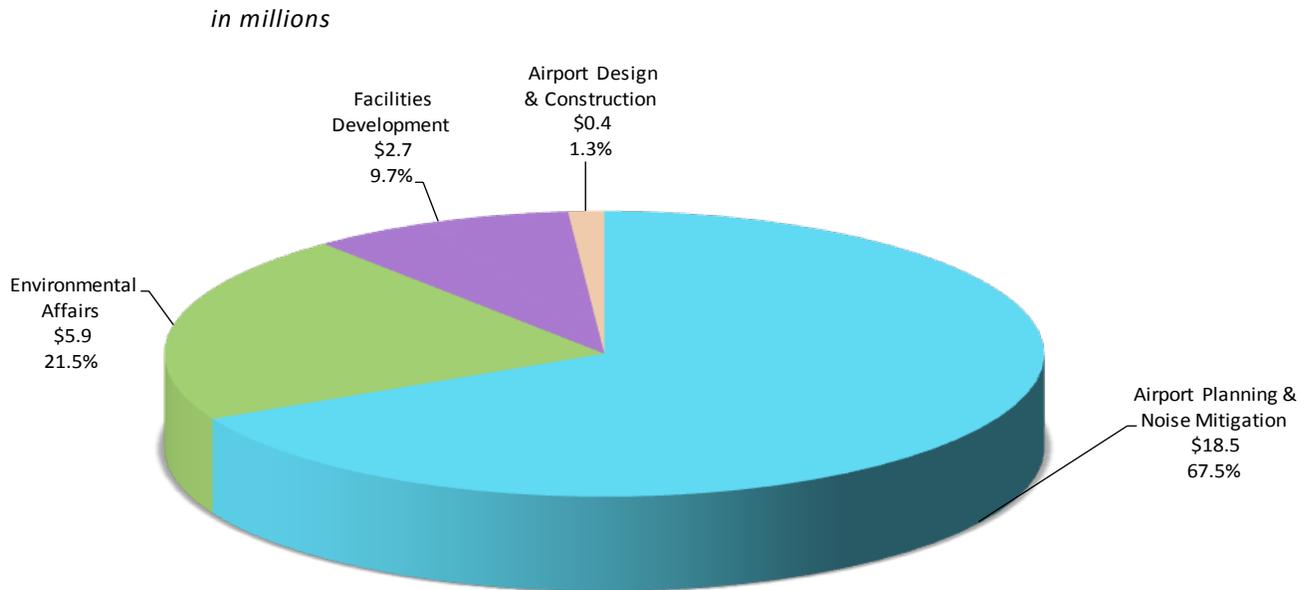
**Major Drivers of FY 2017 Budget & FY 2018 Conceptual Budget**

	Inc / (Dec) FY 17 vs FY 16	Inc / (Dec) FY 18 Conceptual vs FY 17
<b>FY 2016 Budget / FY 2017 Budget</b>	<b>\$ 25,122,942</b>	<b>\$ 27,478,522</b>
<b>Personnel Costs</b>		
Salary adjustments and pay-for-performance	129,387	233,710
1 New position of Associate Environmental Specialist (salaries & burden)	80,322	-
Capitalized labor	12,115	(433,711)
Burden (benefits & employer taxes) for current staff	(180,440)	117,941
1 New position of Construction Manager (salaries & burden)	-	144,800
1 New position of Senior Construction Inspector (salaries & burden)	-	90,724
<b>Total Increase / (Decrease) in Personnel Costs</b>	<b>41,385</b>	<b>153,465</b>
Integrated Pest Management (moved from Facilities Management Department)	1,034,243	(54,000)
Environmental requirements	798,000	-
Refurbishment of jet bridges	240,000	(50,000)
American Disability Act (ADA) program study	100,000	-
Other, net	141,952	(38,547)
<b>Total Increase / (Decrease) in Non-Personnel Costs</b>	<b>2,314,195</b>	<b>(142,547)</b>
<b>Total Increase / (Decrease)</b>	<b>2,355,580</b>	<b>10,918</b>
<b>FY 2017 Budget / FY 2018 Conceptual Budget</b>	<b>\$ 27,478,522</b>	<b>\$ 27,489,440</b>

**DEVELOPMENT DIVISION**  
**FY 2017 Expense Budget by Department**

Departments	FY 2017 Budget
Airport Planning & Noise Mitigation	\$ 18,534,875
Environmental Affairs	5,916,035
Facilities Development	2,663,567
Airport Design & Construction	364,044
<b>Total <sup>(1)</sup></b>	<b><u>\$ 27,478,522</u></b>

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

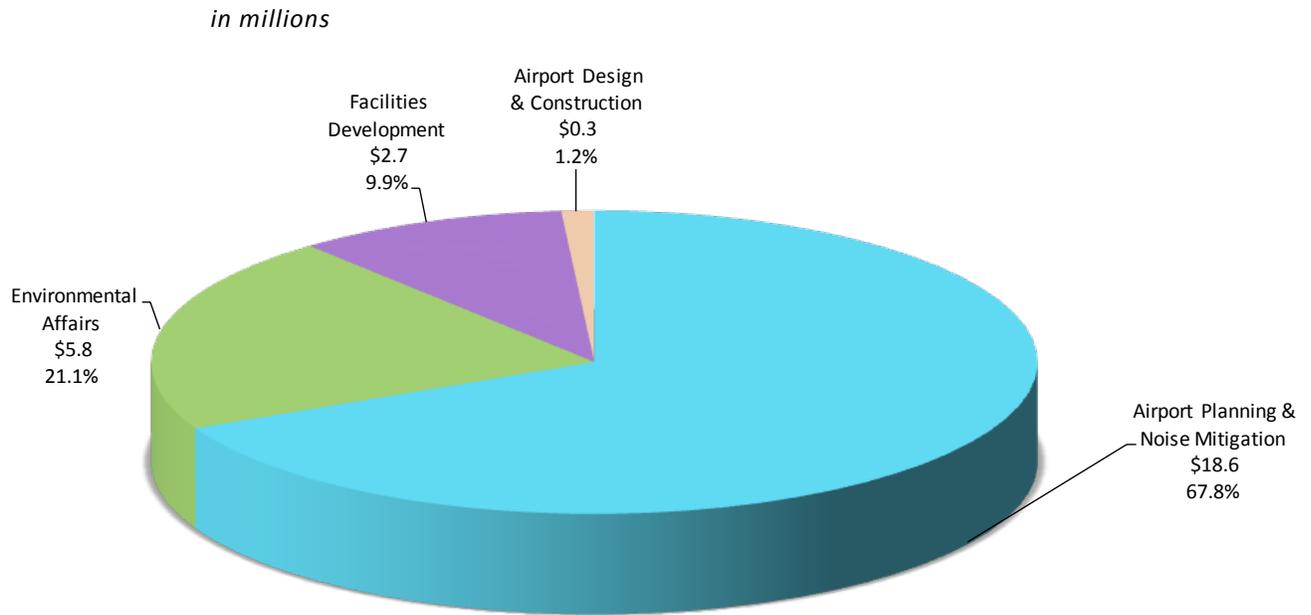


**FIGURE 27 – FY 2017 EXPENSE BUDGET BY DEPARTMENT**

**DEVELOPMENT DIVISION**  
**FY 2018 Expense Budget by Department**

Departments	FY 2018 Conceptual Budget
Airport Planning & Noise Mitigation	\$ 18,637,608
Environmental Affairs	5,794,945
Facilities Development	2,727,181
Airport Design & Construction	329,705
<b>Total <sup>(1)</sup></b>	<b><u>\$ 27,489,440</u></b>

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

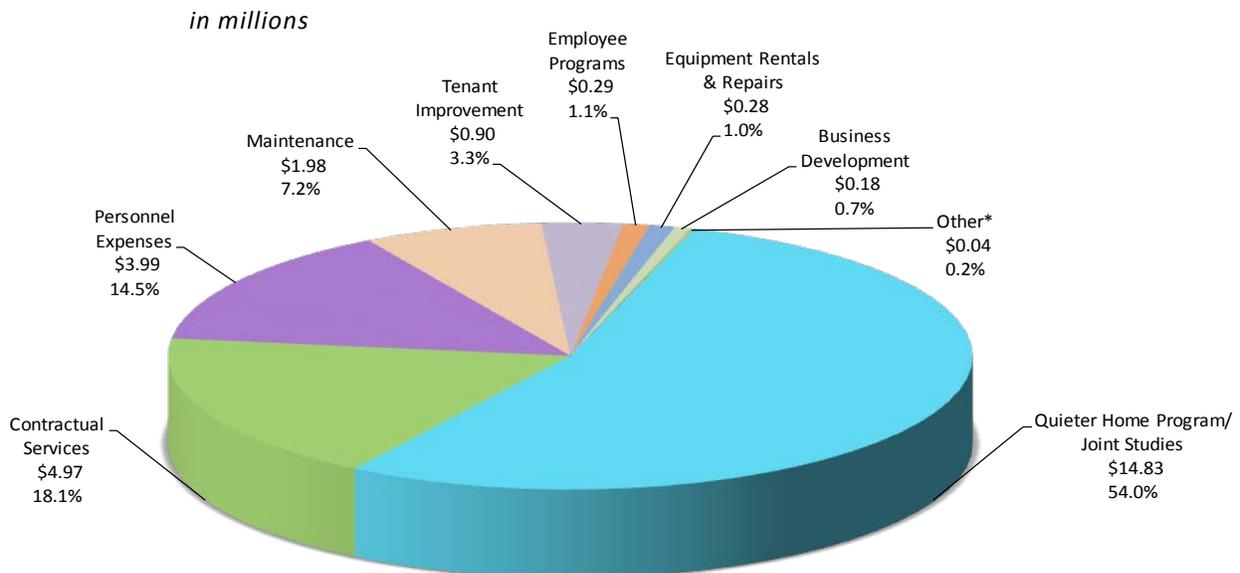


**FIGURE 28 – FY 2018 EXPENSE BUDGET BY DEPARTMENT**

**DEVELOPMENT DIVISION**  
**FY 2017 Expense Budget by Category**

Category	FY 2017 Budget
Quieter Home Program/Joint Studies	\$ 14,834,811
Contractual Services	4,971,143
Personnel Expenses	3,994,714
Maintenance	1,984,243
Tenant Improvement	900,000
Employee Programs	292,590
Equipment Rentals & Repairs	277,791
Business Development	179,219
Other*	44,011
<b>Total <sup>(1)</sup></b>	<b>\$ 27,478,522</b>

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



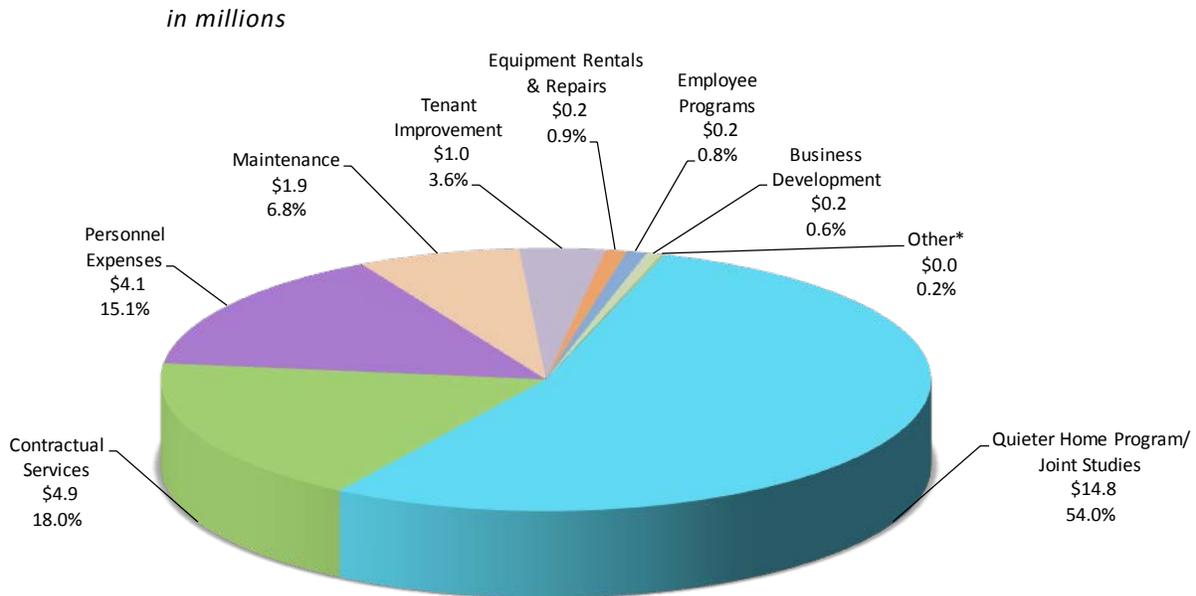
**FIGURE 29 – FY 2017 EXPENSE BUDGET BY CATEGORY**

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

**DEVELOPMENT DIVISION**  
**FY 2018 Expense Budget by Category**

Category	FY 2018 Conceptual Budget
Quieter Home Program/Joint Studies	\$ 14,834,811
Contractual Services	4,947,198
Personnel Expenses	4,148,179
Maintenance	1,880,243
Tenant Improvement	990,000
Equipment Rentals & Repairs	247,229
Employee Programs	230,424
Business Development	168,819
Other*	42,536
<b>Total <sup>(1)</sup></b>	<b><u><u>\$ 27,489,440</u></u></b>

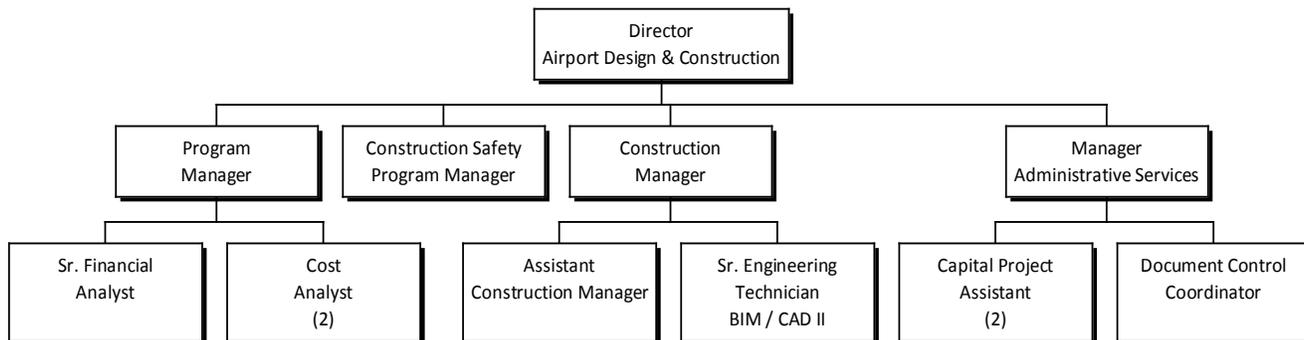
<sup>(1)</sup> Total may differ due to rounding.



**FIGURE 30 – FY 2018 EXPENSE BUDGET BY CATEGORY**

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

## Development Division – Airport Design & Construction FY 2017 – FY 2018 Organizational Structure



*No personnel changes in FY 2018.*

**DEVELOPMENT DIVISION – AIRPORT DESIGN & CONSTRUCTION**  
**FY 2017– FY 2018 Conceptual Budget Expense Summary**

	FY 2015 Actuals	FY 2016 Budget	FY 2017 Budget	Inc / (Dec) FY 17 vs FY 16 Budget	% Change	FY 2018 Conceptual Budget	Inc / (Dec) FY 18 Conceptual vs FY 17 Budget	% Change
<b>Operating Expenses:</b>								
<b>Personnel Expenses</b>								
Salaries and Wages	\$ 1,253,279	\$ 1,213,106	\$ 1,251,516	\$ 38,410	3.2%	\$ 1,288,882	\$ 37,365	3.0%
Premium Overtime	-	-	-	-	0.0%	-	-	0.0%
Employee Benefits	599,955	596,919	579,803	(17,116)	-2.9%	602,608	22,805	3.9%
Subtotal	1,853,233	1,810,026	1,831,319	21,294	1.2%	1,891,489	60,170	3.3%
Less: Capitalized Labor	(1,745,139)	(1,692,012)	(1,684,814)	7,198	-0.4%	(1,740,170)	(55,356)	3.3%
Less: QHP - Labor/Burden/Labor Overhead	-	-	-	-	0.0%	-	-	0.0%
<b>Total Personnel Expenses</b>	<b>108,094</b>	<b>118,014</b>	<b>146,506</b>	<b>28,492</b>	<b>0.0%</b>	<b>151,319</b>	<b>4,814</b>	<b>3.3%</b>
<b>Non-Personnel Expenses</b>								
Contractual Services	94,111	-	150,000	150,000	0.0%	150,000	-	0.0%
Safety and Security	-	-	-	-	0.0%	-	-	0.0%
Space Rental	-	-	-	-	0.0%	-	-	0.0%
Utilities	-	-	-	-	0.0%	-	-	0.0%
Maintenance	-	-	-	-	0.0%	-	-	0.0%
Operating Equipment & Systems	6,910	-	-	-	0.0%	-	-	0.0%
Operating Supplies	(788)	-	10,200	10,200	0.0%	10,200	-	0.0%
Insurance	-	-	-	-	0.0%	-	-	0.0%
Employee Programs	22,892	26,141	9,894	(16,247)	-62.1%	9,654	(240)	-2.4%
Business Development	12,801	20,017	23,579	3,562	17.8%	13,579	(10,000)	-42.4%
Equipment Rentals & Repairs	2,690	-	23,865	23,865	0.0%	(5,047)	(28,912)	-69.8%
Tenant Improvements	-	-	-	-	0.0%	-	-	0.0%
<b>Total Non-Personnel Expenses</b>	<b>138,617</b>	<b>46,158</b>	<b>217,538</b>	<b>171,380</b>	<b>371.3%</b>	<b>178,386</b>	<b>(39,152)</b>	<b>-18.0%</b>
<b>Total Operating Expenses</b>	<b>246,711</b>	<b>164,172</b>	<b>364,044</b>	<b>199,872</b>	<b>121.7%</b>	<b>329,705</b>	<b>(34,338)</b>	<b>-9.4%</b>
<b>Non-Operating Expenses:</b>								
Joint Studies/Sound Attenuation	-	-	-	-	0.0%	-	-	0.0%
Debt Service	-	-	-	-	0.0%	-	-	0.0%
Legal Settlements Expense	-	-	-	-	0.0%	-	-	0.0%
<b>Total Non-Operating Expenses</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>0.0%</b>	<b>-</b>	<b>-</b>	<b>0.0%</b>
<b>Total Expenses</b>	<b>246,711</b>	<b>164,172</b>	<b>364,044</b>	<b>199,872</b>	<b>121.7%</b>	<b>329,705</b>	<b>(34,338)</b>	<b>-9.4%</b>
Equipment Outlay	12,837	-	-	-	0.0%	-	-	0.0%
<b>Total Authority Expenses incl Equip Outlay</b>	<b>\$ 259,548</b>	<b>\$ 164,172</b>	<b>\$ 364,044</b>	<b>\$ 199,872</b>	<b>121.7%</b>	<b>\$ 329,705</b>	<b>\$ (34,338)</b>	<b>-9.4%</b>

**DEVELOPMENT DIVISION – AIRPORT DESIGN & CONSTRUCTION**  
**Major Drivers of FY 2017 Budget & FY 2018 Conceptual Budget**

	Inc / (Dec) FY 17 vs FY 16	Inc / (Dec) FY 18 Conceptual vs FY 17
<b>FY 2016 Budget / FY 2017 Budget</b>	<b>\$ 164,172</b>	<b>\$ 364,044</b>
<b>Personnel Costs</b>		
Salary adjustments and pay-for-performance	38,410	37,365
Capitalized labor	7,198	(55,356)
Burden (benefits & employer taxes) for current staff	(17,116)	22,805
<b>Total Increase / (Decrease) in Personnel Costs</b>	<b>28,492</b>	<b>4,814</b>
Consulting services	150,000	-
Other, net	21,380	(39,152)
<b>Total Increase / (Decrease) in Non-Personnel Costs</b>	<b>171,380</b>	<b>(39,152)</b>
<b>Total Increase / (Decrease)</b>	<b>199,872</b>	<b>(34,338)</b>
<b>FY 2017 Budget / FY 2018 Conceptual Budget</b>	<b>\$ 364,044</b>	<b>\$ 329,705</b>

## DEVELOPMENT DIVISION – AIRPORT DESIGN & CONSTRUCTION

### Departmental Goals

#### FY 2016 PROGRESS REPORT

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

Measures of success:

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

**PROGRESS:** Shell space was completed – no tenant as of this update.

**INITIATIVE:** Focus on revenue generation and cost control.

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

Measures of success:

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

**PROGRESS:** Although the RCC project was opened on schedule and under budget, these two particular line items were not achieved due to the addition of needed scope adjustments and the extended construction duration required to close out this project.

**INITIATIVE:** Focus on revenue generation and cost control.

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

**PROGRESS:** This goal was achieved.

**INITIATIVE:** Focus on revenue generation and cost control.

4. Forecast a final completion and close-out date for the Green Build program within or better than the revised “GMP Baseline” schedule, as measured by providing a quarterly forecast at completion report that demonstrates the Green Build program is trending “on-schedule” for the completion of “GMP Baseline” construction work and close-out activities by the end of December 2015. Additionally, ADC will complete construction work and close-out activities for added scope in areas

of the new and existing T2W Expansion program by the end of February 2016. ADC will work with the design-builder to successfully implement a plan that will ensure final completion of construction work and close-out activities of the entire T2W Expansion program so key elements of added work (e.g. additional change-order: terrazzo, fire alarm system, ticket lobby expansion, and existing roof replacement) are complete by the end of February 2016.

**PROGRESS:** This goal was achieved.

**INITIATIVE:** Focus on revenue generation and cost control.

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

Measures of success:

- Quarterly ADC reports and briefings to the Board and senior management
- Briefings to customers/stakeholders - stakeholders' survey results in 75% satisfaction
- Monthly construction progress updates
- Program updates for Aviation Matters
- ADC jobsite tours for internal/external stakeholders
- Provide communication of ADC program to external community groups – survey of attendees resulting in 75% satisfaction
- Monthly ADC "All-Hands" Meeting with staff – staff survey results in 75% satisfaction
- ADC Program planning and engagement for ADC staff – ADC staff survey results shows 75% of respondents felt that this was accomplished
- Develop staff to help present public ADC updates

**PROGRESS:** All measures of success have been achieved.

**INITIATIVE:** Strategically engage our employees in sustainable business practices.

## DEVELOPMENT DIVISION – AIRPORT DESIGN & CONSTRUCTION

### Departmental Goals

### FY 2017 – FY 2018 Goals

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

Measures of success:

- Over the course of the RCC Program, proactively manage scope creep by limiting additional scope to not exceed the total Program Reserve Fund
- Maintain an efficient, lean and cost effective staff that will result in a staff budget cost within the program budget at the end-of-program

**INITIATIVE:** Focus on revenue generation and cost control.

2. Establish a GMP for the Parking Plaza that establishes a maximum budget and schedule by the end of calendar year 2016.

Measure of success:

- Over the course of the GMP negotiation proactively manage scope and cost to ensure that the GMP is set under the maximum target budget

**INITIATIVE:** Focus on revenue generation and cost control.

3. Progress construction on the Parking Plaza to meet construction milestones and forecast a substantial completion date for the program within, or better than, the established “GMP Baseline” schedule, as measured by providing a quarterly forecast at completion report that demonstrates the Parking Plaza program is trending “on-schedule” for the completion of “GMP Baseline” schedule, and the substantial completion by the 20-month construction duration.

Measures of success:

- Over the course of the Parking Plaza Program proactively manage the schedule to ensure all milestone schedule dates are met
- Project is completed and generating parking revenue on scheduled opening date

**INITIATIVE:** Focus on revenue generation and cost control.

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

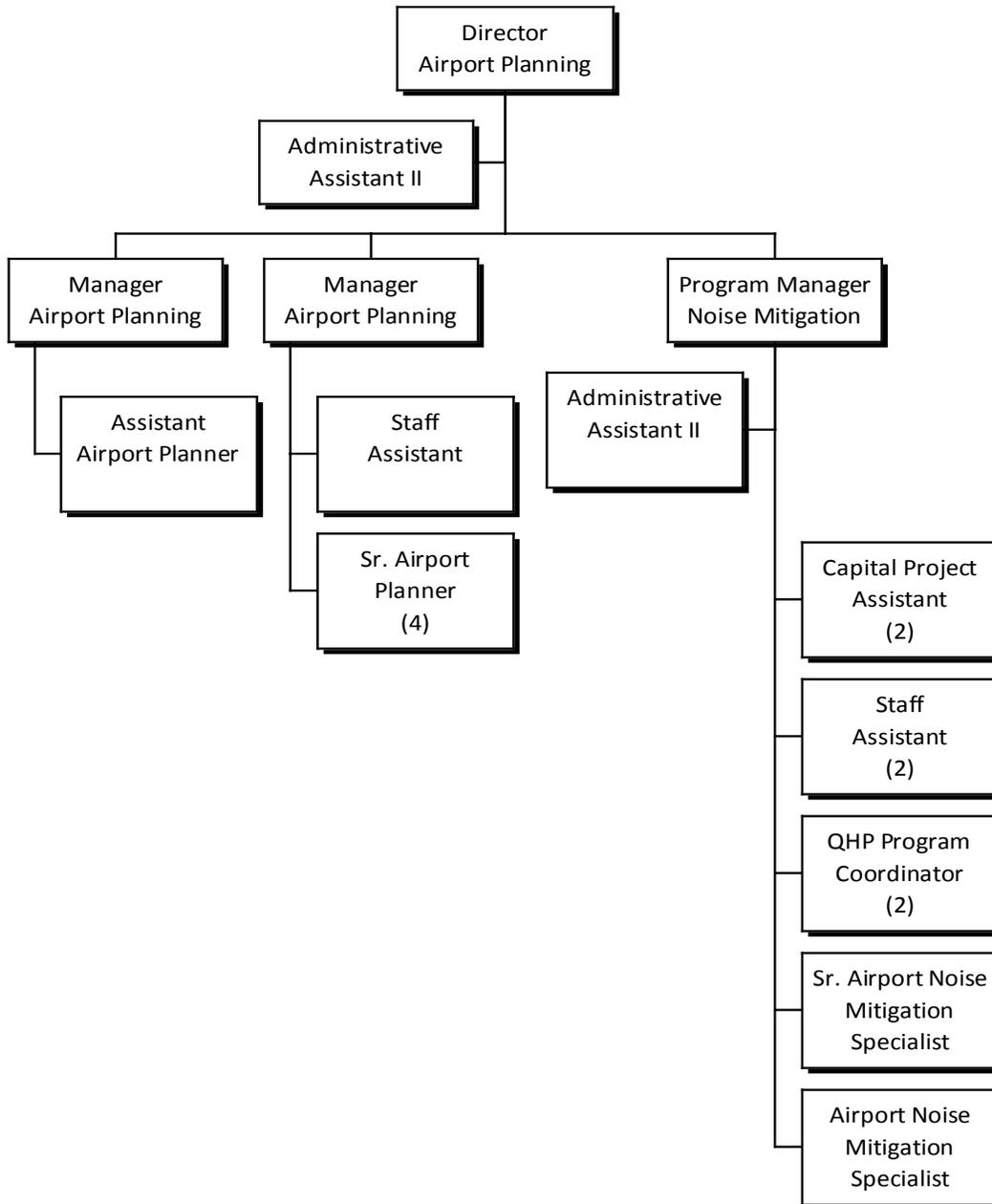
Measures of success:

- Quarterly ADC reports and briefings to the Board and senior management

- Briefings to customers/stakeholders
- Monthly construction progress updates
- Program updates for Aviation Matters
- Provide weekly updates to the President/CEO for the Board report
- ADC jobsite tours for internal/external Stakeholders
- Provide communication of ADC program to external community groups
- Monthly ADC “All-Hands” Meeting with staff
  - Staff survey results in 75% satisfaction
- Develop staff to help present ADC updates and assist other department team members and contract partners

**INITIATIVE:** Focus on revenue generation and cost control.

## Development Division – Airport Planning & Noise Mitigation FY 2017 – FY 2018 Organizational Structure



*No personnel changes in FY 2018.*

**DEVELOPMENT DIVISION – AIRPORT PLANNING & NOISE MITIGATION**  
**FY 2017 Budget - FY 2018 Conceptual Budget Expense Summary**

	FY 2015 Actuals	FY 2016 Budget	FY 2017 Budget	Inc / (Dec) FY 17 vs FY 16 Budget	% Change	FY 2018 Conceptual Budget	Inc / (Dec) FY 18 Conceptual vs FY 17 Budget	% Change
<b>Operating Expenses:</b>								
<b>Personnel Expenses</b>								
Salaries and Wages	\$ 1,517,483	\$ 1,583,644	\$ 1,577,035	\$ (6,609)	-0.4%	\$ 1,624,347	\$ 47,311	3.0%
Premium Overtime	-	-	-	-	0.0%	-	-	0.0%
Employee Benefits	792,402	802,327	756,318	(46,009)	-5.7%	784,296	27,978	3.7%
Subtotal	2,309,885	2,385,972	2,333,353	(52,618)	-2.2%	2,408,643	75,290	3.2%
Less: Capitalized Labor	-	-	-	-	0.0%	-	-	0.0%
Less: QHP - Labor/Burden/Labor Overhead	(754,088)	(674,897)	(627,689)	47,207	-7.0%	(648,746)	(21,056)	3.4%
<b>Total Personnel Expenses</b>	<b>1,555,797</b>	<b>1,711,075</b>	<b>1,705,664</b>	<b>(5,411)</b>	<b>-0.3%</b>	<b>1,759,897</b>	<b>54,233</b>	<b>3.2%</b>
<b>Non-Personnel Expenses</b>								
Contractual Services	1,246,403	2,000,500	1,930,500	(70,000)	-3.5%	1,980,500	50,000	2.6%
Safety and Security	-	-	-	-	0.0%	-	-	0.0%
Space Rental	-	-	-	-	0.0%	-	-	0.0%
Utilities	95	500	500	-	0.0%	500	-	0.0%
Maintenance	-	-	-	-	0.0%	-	-	0.0%
Operating Equipment & Systems	2,238	-	-	-	0.0%	-	-	0.0%
Operating Supplies	13,258	4,000	11,000	7,000	175.0%	11,000	-	0.0%
Insurance	-	-	-	-	0.0%	-	-	0.0%
Employee Programs	41,721	62,400	55,700	(6,700)	-10.7%	55,700	-	0.0%
Business Development	2,606	57,200	63,700	6,500	11.4%	62,200	(1,500)	-2.4%
Equipment Rentals & Repairs	182,923	228,000	233,000	5,000	2.2%	233,000	-	0.0%
Tenant Improvements	-	-	-	-	0.0%	-	-	0.0%
<b>Total Non-Personnel Expenses</b>	<b>1,489,245</b>	<b>2,352,600</b>	<b>2,294,400</b>	<b>(58,200)</b>	<b>-2.5%</b>	<b>2,342,900</b>	<b>48,500</b>	<b>2.1%</b>
<b>Total Operating Expenses</b>	<b>3,045,042</b>	<b>4,063,675</b>	<b>4,000,064</b>	<b>(63,611)</b>	<b>-1.6%</b>	<b>4,102,797</b>	<b>102,733</b>	<b>2.6%</b>
<b>Non-Operating Expenses:</b>								
Joint Studies/Sound Attenuation	14,885,178	14,534,811	14,534,811	-	0.0%	14,534,811	-	0.0%
Debt Service	-	-	-	-	0.0%	-	-	0.0%
Legal Settlements Expense	-	-	-	-	0.0%	-	-	0.0%
<b>Total Non-Operating Expenses</b>	<b>14,885,178</b>	<b>14,534,811</b>	<b>14,534,811</b>	<b>-</b>	<b>0.0%</b>	<b>14,534,811</b>	<b>-</b>	<b>0.0%</b>
<b>Total Expenses</b>	<b>17,930,220</b>	<b>18,598,486</b>	<b>18,534,875</b>	<b>(63,611)</b>	<b>-0.3%</b>	<b>18,637,608</b>	<b>102,733</b>	<b>0.6%</b>
Equipment Outlay	-	-	-	-	0.0%	-	-	0.0%
<b>Total Authority Expenses incl Equip Outlay</b>	<b>\$ 17,930,220</b>	<b>\$ 18,598,486</b>	<b>\$ 18,534,875</b>	<b>\$ (63,611)</b>	<b>-0.3%</b>	<b>\$ 18,637,608</b>	<b>\$ 102,733</b>	<b>0.6%</b>

**DEVELOPMENT DIVISION – AIRPORT PLANNING & NOISE MITIGATION**  
**Major Drivers of FY 2017 Budget & FY 2018 Conceptual Budget**

	Inc / (Dec) FY 17 vs FY 16	Inc / (Dec) FY 18 Conceptual vs FY 17
<b>FY 2016 Budget / FY 2017 Budget</b>	<b>\$ 18,598,486</b>	<b>\$ 18,534,875</b>
<b>Personnel Costs</b>		
Capitalized labor	47,207	(21,056)
Salary adjustments and pay-for-performance	(6,609)	47,311
Burden (benefits & employer taxes) for current staff	(46,009)	27,978
<b>Total Increase / (Decrease) in Personnel Costs</b>	<b>(5,411)</b>	<b>54,233</b>
Planning and land use projects	(70,000)	50,000
Other, net	11,800	(1,500)
<b>Total Increase / (Decrease) in Non-Personnel Costs</b>	<b>(58,200)</b>	<b>48,500</b>
<b>Total Increase / (Decrease)</b>	<b>(63,611)</b>	<b>102,733</b>
<b>FY 2017 Budget / FY 2018 Conceptual Budget</b>	<b>\$ 18,534,875</b>	<b>\$ 18,637,608</b>

## DEVELOPMENT DIVISION – AIRPORT PLANNING & NOISE MITIGATION Departmental Goals

### FY 2016 Progress Report

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

**PROGRESS:** Goal is tracking properly.

**INITIATIVE:** Develop a sustainable long-term capital plan.

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

**PROGRESS:** Goal is tracking properly.

**INITIATIVE:** Strategically engage our employees in sustainable business practices.

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

**PROGRESS:** Goal is lagging due to FAA revising the eligibility requirements for residential sound insulation.

**INITIATIVE:** Strategically engage our employees in sustainable business practices.

## DEVELOPMENT DIVISION – AIRPORT PLANNING & NOISE MITIGATION

### Departmental Goals

#### FY 2017 – FY 2018 Goals

1. The Airport Development Plan (ADP) will define future Airport facilities through the year 2035. By May 31, 2017, the scoping document for the administrative draft Environmental Impact Report (EIR) will be released and preparation of the administrative draft document will be underway.

**INITIATIVE:** Maintain a sustainable long-term capital plan.

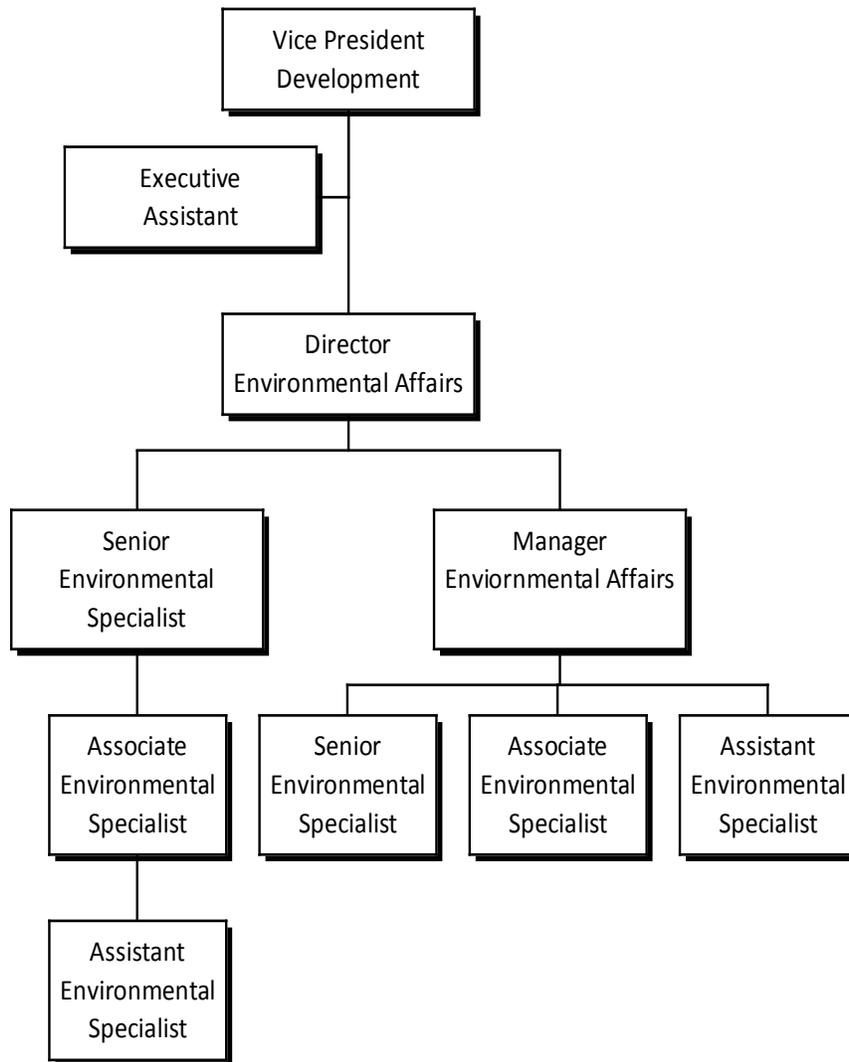
2. By May 31, 2017, the draft Airport Land Use Compatibility Plan (ALUCP) for the Naval Air Station North Island ALUCP all technical analysis will be complete for the four compatibility factors.

**INITIATIVE:** Strategically engage our employees in sustainable business practices.

3. In FY 2017, the Quieter Home Program (residential sound insulation) will maintain the levels of acceleration and spending so that at least the same amount of funding and a similar number of homes are attenuated as in FY 2016, and we will work with the airlines, the FAA, and neighbors to improve the noise complaints from the community.

**INITIATIVE:** Strategically engage our employees in sustainable business practices.

**Development Division – Environmental Affairs**  
**FY 2017 – FY 2018 Organizational Structure**



*No personnel changes in FY 2018.*

**DEVELOPMENT DIVISION – ENVIRONMENTAL AFFAIRS**  
**FY 2017 Budget - FY 2018 Conceptual Budget Expense Summary**

	FY 2015 Actuals	FY 2016 Budget	FY 2017 Budget	Inc / (Dec) FY 17 vs FY 16 Budget	% Change	FY 2018 Conceptual Budget	Inc / (Dec) FY 18 Conceptual vs FY 17 Budget	% Change
<b>Operating Expenses:</b>								
<b>Personnel Expenses</b>								
Salaries and Wages	\$ 829,602	\$ 959,464	\$ 1,007,771	\$ 48,307	5.0%	\$ 1,058,126	\$ 50,355	5.0%
Premium Overtime	209	-	-	-	0.0%	-	-	0.0%
Employee Benefits	353,913	451,483	453,271	1,788	0.4%	468,331	15,059	3.3%
Subtotal	1,183,725	1,410,947	1,461,042	50,095	3.6%	1,526,457	65,415	4.5%
Less: Capitalized Labor	-	-	-	-	0.0%	-	-	0.0%
Less: QHP - Labor/Burden/Labor Overhead	-	-	-	-	0.0%	-	-	0.0%
<b>Total Personnel Expenses</b>	<b>1,183,725</b>	<b>1,410,947</b>	<b>1,461,042</b>	<b>50,095</b>	<b>3.6%</b>	<b>1,526,457</b>	<b>65,415</b>	<b>4.5%</b>
<b>Non-Personnel Expenses</b>								
Contractual Services	1,268,075	1,683,450	2,511,450	828,000	49.2%	2,441,455	(69,995)	-2.8%
Safety and Security	-	-	-	-	0.0%	-	-	0.0%
Space Rental	-	-	-	-	0.0%	-	-	0.0%
Utilities	167	1,000	500	(500)	-50.0%	500	-	0.0%
Maintenance	484,401	600,000	1,634,243	1,034,243	172.4%	1,580,243	(54,000)	-3.3%
Operating Equipment & Systems	2,278	1,000	500	(500)	-50.0%	500	-	0.0%
Operating Supplies	8,963	6,100	11,100	5,000	82.0%	11,100	-	0.0%
Insurance	-	-	-	-	0.0%	-	-	0.0%
Employee Programs	205,967	183,850	222,650	38,800	21.1%	160,140	(62,510)	-28.1%
Business Development	60,042	63,275	72,550	9,275	14.7%	72,550	-	0.0%
Equipment Rentals & Repairs	60	2,000	2,000	-	0.0%	2,000	-	0.0%
Tenant Improvements	-	-	-	-	0.0%	-	-	0.0%
<b>Total Non-Personnel Expenses</b>	<b>2,029,952</b>	<b>2,540,675</b>	<b>4,454,993</b>	<b>1,914,318</b>	<b>75.3%</b>	<b>4,268,488</b>	<b>(186,505)</b>	<b>-4.2%</b>
<b>Total Operating Expenses</b>	<b>3,213,677</b>	<b>3,951,622</b>	<b>5,916,035</b>	<b>1,964,413</b>	<b>49.7%</b>	<b>5,794,945</b>	<b>(121,090)</b>	<b>-2.0%</b>
<b>Non-Operating Expenses:</b>								
Joint Studies/Sound Attenuation	-	-	-	-	0.0%	-	-	0.0%
Debt Service	-	-	-	-	0.0%	-	-	0.0%
Legal Settlements Expense	-	-	-	-	0.0%	-	-	0.0%
<b>Total Non-Operating Expenses</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>0.0%</b>	<b>-</b>	<b>-</b>	<b>0.0%</b>
<b>Total Expenses</b>	<b>3,213,677</b>	<b>3,951,622</b>	<b>5,916,035</b>	<b>1,964,413</b>	<b>49.7%</b>	<b>5,794,945</b>	<b>(121,090)</b>	<b>-2.0%</b>
Equipment Outlay	-	-	-	-	0.0%	-	-	0.0%
<b>Total Authority Expenses incl Equip Outlay</b>	<b>\$ 3,213,677</b>	<b>\$ 3,951,622</b>	<b>\$ 5,916,035</b>	<b>\$ 1,964,413</b>	<b>49.7%</b>	<b>\$ 5,794,945</b>	<b>\$ (121,090)</b>	<b>-2.0%</b>

**DEVELOPMENT DIVISION – ENVIRONMENTAL AFFAIRS**  
**Major Drivers of FY 2017 Budget & FY 2018 Conceptual Budget**

	<b>Inc / (Dec) FY 17 vs FY 16</b>	<b>Inc / (Dec) FY 18 Conceptual vs FY 17</b>
<b>FY 2016 Budget / FY 2017 Budget</b>	<b>\$ 3,951,622</b>	<b>\$ 5,916,035</b>
<b>Personnel Costs</b>		
1 New position of Associate Environmental Specialist (salaries & burden)	80,322	-
Salary adjustments and pay-for-performance	(10,826)	50,355
Burden (benefits & employer taxes) for current staff	(19,401)	15,059
<b>Total Increase / (Decrease) in Personnel Costs</b>	<b>50,095</b>	<b>65,415</b>
Integrated pest management (moved from Facilities Management Department)	1,034,243	(54,000)
Stormwater management program	500,000	-
Air quality management / greenhouse gas reduction plan	325,000	-
Energy, water, & waste management	200,000	-
Water quality / San Diego Bay sediment quality objectives	(227,000)	-
Other, net	82,075	(132,505)
<b>Total Increase / (Decrease) in Non-Personnel Costs</b>	<b>1,914,318</b>	<b>(186,505)</b>
<b>Total Increase / (Decrease)</b>	<b>1,964,413</b>	<b>(121,090)</b>
<b>FY 2017 Budget / FY 2018 Conceptual Budget</b>	<b>\$ 5,916,035</b>	<b>\$ 5,794,945</b>

## DEVELOPMENT DIVISION – ENVIRONMENTAL AFFAIRS

### Departmental Goals

#### FY 2016 PROGRESS REPORT

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

**PROGRESS:** The Environmental Affairs Department has been leading a multi-departmental team tasked with developing the Airport's new Sustainability Report. The team has gathered key performance indicator data for the Airport in a variety of financial, social and environmental areas. In addition, the team has surveyed stakeholders to determine the most important (or "material") issues to include in the report in order to help ensure that it is relevant and useful. As part of this effort, the Environmental Affairs Department completed over 30 in-person presentations on the upcoming Sustainability Report and collected survey responses from over 500 internal and external stakeholders. It is anticipated that the Sustainability Report, which will integrate the Airport Annual Report, will be finalized and released by May 2016.

**INITIATIVE:** Strategically engage our employees in sustainable business practices.

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

**PROGRESS:** The Environmental Affairs Department has successfully developed a draft framework for its first-ever Sustainability Management Program (SMP). The SMP provides a roadmap for implementing the Board-approved Airport Sustainability Policy by summarizing specific goals, strategies, and performance targets for various environmental issues. As such, the SMP will incorporate the findings from the Airport's recent Sustainable Energy Plan and Water Stewardship Plan, and future Zero Waste, Clean Transportation and Air Quality & Emissions planning efforts. Finally, the SMP will create an integrated approach for engaging stakeholders and reporting on implementation progress. It is anticipated that the Sustainability Management Program will be finalized by May 2016.

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

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

**PROGRESS:** The San Diego Bay Water Quality Improvement Plan (WQIP) was submitted for approval to the San Diego Regional Water Quality Control Board in September of 2015, and revised and resubmitted in January 2016. The primary strategy listed in the WQIP for reducing concentrations of copper and zinc in storm water runoff is street sweeping the airfield runway and taxiways in the vicinity of the aircraft touchdown zone. During FY 16, the Environmental Affairs Department worked with the Facilities Management Department to develop baseline documentation on the relationship between airfield street sweeping and concentrations of copper or zinc in storm water runoff. Going forward, the two departments will increase the area swept or the frequency of sweeping (or both) to optimize sweeping efforts and obtain the largest reduction in copper and zinc concentrations in storm water runoff.

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

**DEVELOPMENT DIVISION – ENVIRONMENTAL AFFAIRS**  
**Departmental Goals**

**FY 2017 – FY 2018 GOALS**

1. Update the Airport's Air Quality Management Plan with new strategies to address greenhouse gas and criteria air pollutant emissions by June 30, 2017.

**INITIATIVE:** Focus on revenue generation and cost control; strategically engage our employees in sustainable business practices; maintain a sustainable long-term capital plan.

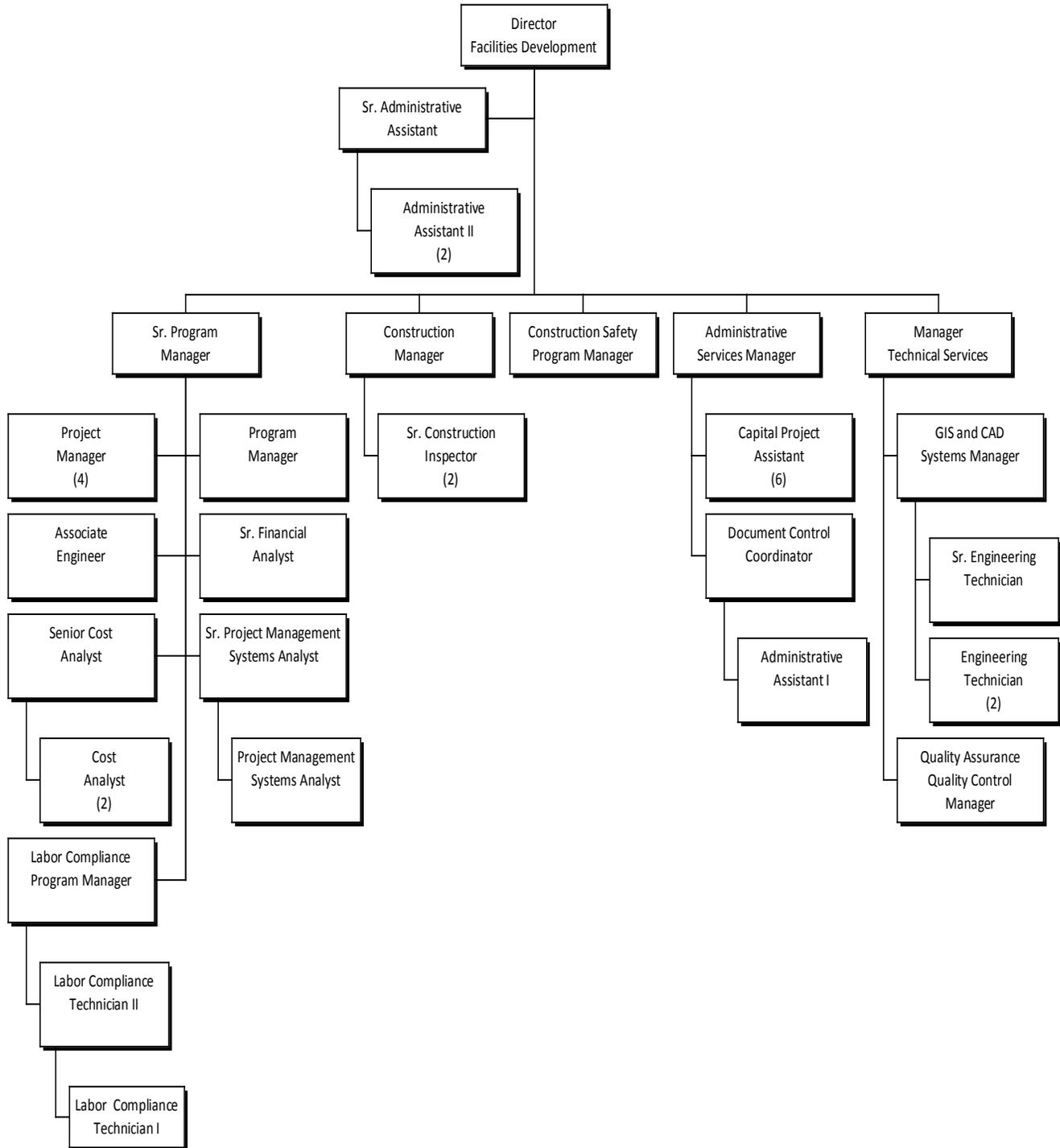
2. Develop an Exceedance Response Action Plan to help further reduce the concentrations of copper and zinc in storm water runoff and support the *Water Stewardship Plan* by June 30, 2017.

**INITIATIVE:** Focus on revenue generation and cost control; maintain a sustainable long-term capital plan.

3. Develop and assess strategies for the long-term management of the Airport's California Least Tern colonies by June 30, 2017.

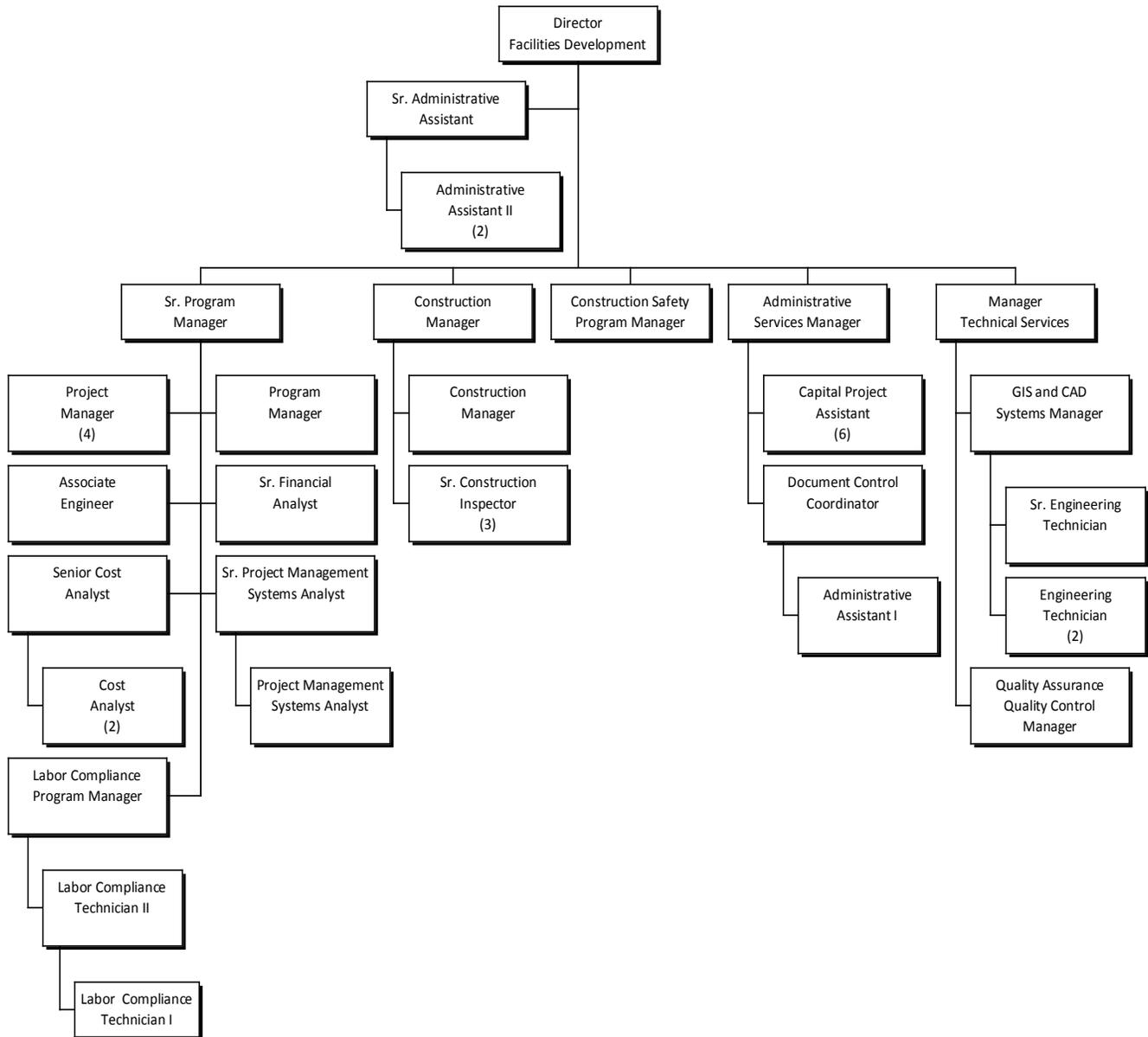
**INITIATIVE:** Maintain a sustainable long-term capital plan.

# Development Division – Facilities Development FY 2017 Organizational Structure



# DEVELOPMENT DIVISION – FACILITIES DEVELOPMENT

## FY 2018 Organizational Structure



**DEVELOPMENT DIVISION – FACILITIES DEVELOPMENT**  
**FY 2017 Budget - FY 2018 Conceptual Budget Expense Summary**

	FY 2015 Actuals	FY 2016 Budget	FY 2017 Budget	Inc / (Dec) FY 17 vs FY 16 Budget	% Change	FY 2018 Conceptual Budget	Inc / (Dec) FY 18 Conceptual vs FY 17 Budget	% Change
<b>Operating Expenses:</b>								
<b>Personnel Expenses</b>								
Salaries and Wages	\$ 2,542,067	\$ 3,180,852	\$ 3,289,265	\$ 108,413	3.4%	\$ 3,562,383	\$ 273,118	8.3%
Premium Overtime	18,597	20,000	20,000	-	0.0%	20,000	-	0.0%
Employee Benefits	1,295,903	1,553,451	1,455,539	(97,913)	-6.3%	1,568,722	113,183	7.8%
Subtotal	3,856,567	4,754,304	4,764,803	10,500	0.2%	5,151,105	386,301	8.1%
Less: Capitalized Labor	(3,409,085)	(4,041,011)	(4,048,360)	(7,349)	0.2%	(4,404,638)	(356,279)	8.8%
Less: QHP - Labor/Burden/Labor Overhead	(30,235)	-	(34,942)	(34,942)	0.0%	(35,961)	(1,019)	2.9%
<b>Total Personnel Expenses</b>	<b>417,246</b>	<b>713,293</b>	<b>681,502</b>	<b>(31,791)</b>	<b>-4.5%</b>	<b>710,505</b>	<b>29,003</b>	<b>4.3%</b>
<b>Non-Personnel Expenses</b>								
Contractual Services	641,922	392,164	379,193	(12,971)	-3.3%	375,243	(3,950)	-1.0%
Safety and Security	-	-	-	-	0.0%	-	-	0.0%
Space Rental	-	-	-	-	0.0%	-	-	0.0%
Utilities	2,599	13,100	9,000	(4,100)	-31.3%	11,000	2,000	22.2%
Maintenance	81,566	110,000	350,000	240,000	218.2%	300,000	(50,000)	-14.3%
Operating Equipment & Systems	18,662	(6,635)	(5,986)	649	-9.8%	(7,608)	(1,622)	-27.1%
Operating Supplies	22,206	7,875	7,197	(678)	-8.6%	5,344	(1,852)	-25.7%
Insurance	-	-	-	-	0.0%	-	-	0.0%
Employee Programs	14,982	7,978	4,346	(3,632)	-45.5%	4,930	584	13.4%
Business Development	10,085	20,338	19,390	(948)	-4.7%	20,490	1,100	5.7%
Equipment Rentals & Repairs	136,671	40,549	18,926	(21,623)	-89.3%	17,277	(1,649)	-5.4%
Tenant Improvements	781,863	900,000	900,000	-	0.0%	990,000	90,000	10.0%
<b>Total Non-Personnel Expenses</b>	<b>1,710,556</b>	<b>1,485,369</b>	<b>1,682,066</b>	<b>196,697</b>	<b>13.2%</b>	<b>1,716,676</b>	<b>34,610</b>	<b>2.1%</b>
<b>Total Operating Expenses</b>	<b>2,127,802</b>	<b>2,198,661</b>	<b>2,363,567</b>	<b>164,906</b>	<b>7.5%</b>	<b>2,427,181</b>	<b>63,613</b>	<b>2.7%</b>
<b>Non-Operating Expenses:</b>								
Joint Studies/Sound Attenuation	140,478	200,000	300,000	100,000	50.0%	300,000	-	0.0%
Debt Service	-	-	-	-	0.0%	-	-	0.0%
Legal Settlements Expense	-	-	-	-	0.0%	-	-	0.0%
<b>Total Non-Operating Expenses</b>	<b>140,478</b>	<b>200,000</b>	<b>300,000</b>	<b>100,000</b>	<b>50.0%</b>	<b>300,000</b>	<b>-</b>	<b>0.0%</b>
<b>Total Expenses</b>	<b>2,268,280</b>	<b>2,398,661</b>	<b>2,663,567</b>	<b>264,906</b>	<b>11.0%</b>	<b>2,727,181</b>	<b>63,613</b>	<b>2.4%</b>
Equipment Outlay	6,418	10,000	-	(10,000)	-100.0%	-	-	0.0%
<b>Total Authority Expenses incl Equip Outlay</b>	<b>\$ 2,274,698</b>	<b>\$ 2,408,661</b>	<b>\$ 2,663,567</b>	<b>\$ 254,906</b>	<b>10.6%</b>	<b>\$ 2,727,181</b>	<b>\$ 63,613</b>	<b>2.4%</b>

**DEVELOPMENT DIVISION – FACILITIES DEVELOPMENT**  
**Major Drivers of FY 2017 Budget & FY 2018 Conceptual Budget**

	<b>Inc / (Dec) FY 17 vs FY 16</b>	<b>Inc / (Dec) FY 18 Conceptual vs FY 17</b>
<b>FY 2016 Budget / FY 2017 Budget</b>	<b>\$ 2,408,661</b>	<b>\$ 2,663,567</b>
<b>Personnel Costs</b>		
Salary adjustments and pay-for-performance	108,413	98,678
1 New position of Construction Manager (salaries & burden)	-	144,800
1 New position of Senior Construction Inspector (salaries & burden)	-	90,724
Capitalized labor	(42,291)	(357,298)
Burden (benefits & employer taxes) for current staff	(97,913)	52,099
<b>Total Increase / (Decrease) in Personnel Costs</b>	<b>(31,791)</b>	<b>29,003</b>
Refurbishment of jet bridges	240,000	(50,000)
American Disability Act (ADA) program study	100,000	-
Other, net	(53,303)	84,610
<b>Total Increase / (Decrease) in Non-Personnel Costs</b>	<b>286,697</b>	<b>34,610</b>
<b>Total Increase / (Decrease)</b>	<b>254,906</b>	<b>63,613</b>
<b>FY 2017 Budget / FY 2018 Conceptual Budget</b>	<b>\$ 2,663,567</b>	<b>\$ 2,727,181</b>

## DEVELOPMENT DIVISION – FACILITIES DEVELOPMENT

### Departmental Goals

### FY 2016 PROGRESS REPORT

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

**PROGRESS:** The FY 2016-2020 Capital Improvement Program (CIP) was approved by the Board in May 2015, with a CIP budget of \$814.3 million and 76 projects. To date FDD is on track with the CIP having approximately \$491,024,227 of active and non-active projects in process. All CIP projects are on time and within budget.

**INITIATIVE:** Develop a sustainable long-term capital plan.

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

**PROGRESS:** On a bi-weekly basis, FDD holds a mandatory employee engagement meeting for all Authority staff to discuss Authority business, sustainability, lean construction and employee management business practices for employee benefit and development. FDD is on track with this goal.

**INITIATIVE:** Strategically engage our employees in sustainable business practices.

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

**PROGRESS:** The external legacy systems (Prolog/DocuShare) have been relocated from the hosted system to servers on the Authority's network. This relocation has saved the Authority \$258,000 annually. The new E-Project Management System (PMWeb) is implemented fully, managing the Wayfinding related projects. Remaining FDD projects not near close-out will be migrated over the next three months. ADC Parking Plaza projects are slated to be migrated from the legacy system to PMWeb on February 18, 2016. All new FDD, ADC and QHP projects will be created in PMWeb.

**INITIATIVE:** Develop a sustainable long-term capital plan.

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

**PROGRESS:** Since FDD and ADC has changed its accounting protocol, Accounting needs to confirm and recalculate the average chargeability ratio. To date, we have maintained an overhead factor of 2.0 or less.

**INITIATIVE:** Develop a sustainable long-term capital plan.

**DEVELOPMENT DIVISION – FACILITIES DEVELOPMENT**  
**Departmental Goals**

**FY 2017 – FY 2018 GOALS**

1. Execute and deliver 100% of the Capital Improvement Program (CIP) projects on time and within budget, in order to achieve milestones by June 30, 2017.

**INITIATIVE:** Maintain a sustainable long-term capital plan.

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

**INITIATIVE:** Strategically engage our employees in sustainable business practices.

3. By June 30, 2017, upgrade the Authority’s GIS website to make it mobile-friendly so that its data can be accessed via electronic smart devices, such as smartphones and tablets, to support field inspection activities conducted by Airport Operations, Facilities Management and other Airport staff during their day-to-day operations.

**INITIATIVE:** Strategically engage our employees in sustainable business practices.

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# **FINANCE & ASSET MANAGEMENT DIVISION**

## FINANCE & ASSET MANAGEMENT DIVISION

### Overview

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

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

- Timely and accurate reporting that complies with Generally Accepted Accounting Principles (GAAP).
- In-depth transaction review and strict adherence to Authority policies to ensure safeguarding of Authority assets.
- Consistent, organized and systematic recordkeeping to provide detailed support of Authority financial history.

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

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

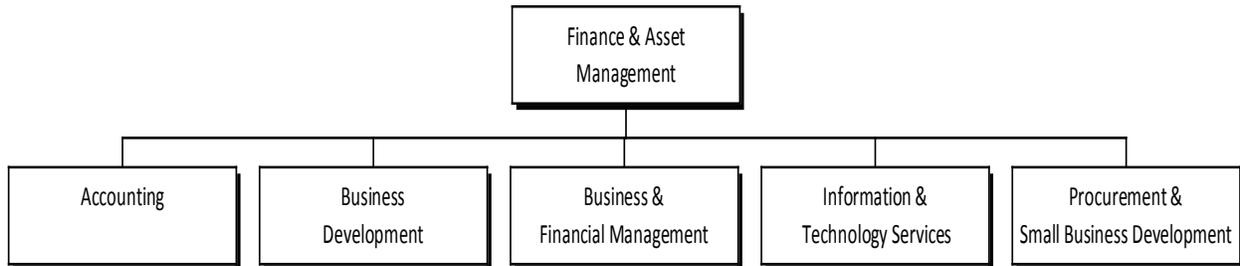
To accomplish these commitments the department forecasts revenue and expenditures; identifies, analyzes and implements revenue enhancement and costs containment strategies; manages Authority investments and cash; administers Grants, Passenger Facility Charges (PFCs) and Customer Facility Charges (CFCs)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

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

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

The **PROCUREMENT & SMALL BUSINESS DEVELOPMENT DEPARTMENT** manages the Authority's business outreach, solicitation and contract awards in a legal, ethical and transparent manner. The team is committed to ensuring that local, small, historically underutilized, disabled veteran, emerging disadvantaged business enterprises and airport concession disadvantaged business enterprises have every opportunity to do business with, and at, the Airport. Department responsibilities include providing research on resources, trends, products and service options, business outreach, small business development, training and services, negotiating contracts and price agreements. Additional responsibilities include managing the Procurement Card Program (P-CARD), shipping, receiving and warehouse operations.

## FINANCE & ASSET MANAGEMENT DIVISION FY 2017 – FY 2018 Organizational Structure



### Division Personnel Summary

	FY 2015 Budget	FY 2016 Budget	FY 2017 Budget Transfers	FY 2017 Budget New/ (Eliminated)	FY 2017 Budget	FY 2018 Budget New/ (Eliminated)	FY 2018 Conceptual Budget
<b>Finance &amp; Asset Management</b>							
Business & Financial Management	25	26	-	-	26	-	26
Accounting	12	12	-	-	12	-	12
Information & Technology Services	27	29	-	-	29	-	29
Procurement & Small Business Development	15	15	-	-	15	-	15
Business Development	1	1	-	-	1	-	1
<b>Total Authorized Positions</b>	<b>80</b>	<b>83</b>	<b>-</b>	<b>-</b>	<b>83</b>	<b>-</b>	<b>83</b>

## FINANCE & ASSET MANAGEMENT DIVISION

### FY 2017 Budget – FY 2018 Conceptual Budget Expense Summary

	FY 2015 Actuals	FY 2016 Budget	FY 2017 Budget	Inc / (Dec) FY 17 vs FY 16 Budget	% Change	FY 2018 Conceptual Budget	Inc / (Dec) FY 18 Conceptual vs FY 17 Budget	% Change
<b>Operating Expenses:</b>								
<b>Personnel Expenses</b>								
Salaries and Wages	\$ 6,359,890	\$ 7,055,974	\$ 6,982,534	\$ (73,440)	-1.0%	\$ 7,166,459	\$ 183,925	2.6%
Premium Overtime	104,879	150,000	150,000	-	0.0%	150,000	-	0.0%
Employee Benefits	638,314	3,527,243	2,981,247	(545,996)	-15.5%	3,087,061	105,814	3.5%
Subtotal	7,103,082	10,733,217	10,113,781	(619,437)	-5.8%	10,403,520	289,739	2.9%
Less: Capitalized Labor	(13,468)	-	-	-	0.0%	-	-	0.0%
Less: QHP - Labor/Burden/Labor Overhead	-	-	-	-	0.0%	-	-	0.0%
<b>Total Personnel Expenses *</b>	<b>7,089,614</b>	<b>10,733,217</b>	<b>10,113,781</b>	<b>(619,437)</b>	<b>-5.8%</b>	<b>10,403,520</b>	<b>289,739</b>	<b>2.9%</b>
<b>Non-Personnel Expenses</b>								
Contractual Services	2,429,458	2,995,831	3,107,856	112,025	3.7%	3,045,170	(62,686)	-2.0%
Safety and Security	-	-	-	-	0.0%	-	-	0.0%
Space Rental	10,430,451	10,427,314	10,190,250	(237,064)	-2.3%	10,190,250	-	0.0%
Utilities	376,911	407,200	416,900	9,700	2.4%	416,900	-	0.0%
Maintenance	18,014	20,240	20,000	(240)	-1.2%	20,000	-	0.0%
Operating Equipment & Systems	1,148,291	274,000	205,000	(69,000)	-25.2%	205,500	500	0.2%
Operating Supplies	95,248	96,950	116,400	19,450	20.1%	116,400	-	0.0%
Insurance	-	-	-	-	0.0%	-	-	0.0%
Employee Programs	162,083	187,450	211,950	24,500	13.1%	219,150	7,200	3.4%
Business Development	95,799	152,500	137,400	(15,100)	-9.9%	137,900	500	0.4%
Equipment Rentals & Repairs	1,703,280	2,226,879	2,133,695	(93,184)	-1.0%	2,155,820	22,125	1.2%
Tenant Improvements	13,860	150,000	-	(150,000)	-100.0%	-	-	0.0%
<b>Total Non-Personnel Expenses</b>	<b>16,473,396</b>	<b>16,938,365</b>	<b>16,539,451</b>	<b>(398,914)</b>	<b>-2.4%</b>	<b>16,507,090</b>	<b>(32,361)</b>	<b>-0.2%</b>
<b>Total Operating Expenses</b>	<b>23,563,011</b>	<b>27,671,582</b>	<b>26,653,232</b>	<b>(1,018,350)</b>	<b>-3.7%</b>	<b>26,910,610</b>	<b>257,378</b>	<b>1.0%</b>
<b>Non-Operating Expenses:</b>								
Joint Studies/Sound Attenuation	-	-	-	-	0.0%	-	-	0.0%
Debt Service	-	-	-	-	0.0%	-	-	0.0%
Legal Settlements Expense	-	-	-	-	0.0%	-	-	0.0%
<b>Total Non-Operating Expenses</b>	<b>4,474</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>0.0%</b>	<b>-</b>	<b>-</b>	<b>0.0%</b>
<b>Total Expenses</b>	<b>23,567,485</b>	<b>27,671,582</b>	<b>26,653,232</b>	<b>(1,018,350)</b>	<b>-3.7%</b>	<b>26,910,610</b>	<b>257,378</b>	<b>1.0%</b>
Equipment Outlay	33,408	375,000	200,000	(175,000)	-46.7%	225,000	25,000	12.5%
<b>Total Finance &amp; Asset Management</b>	<b>\$ 23,600,893</b>	<b>\$ 28,046,582</b>	<b>\$ 26,853,232</b>	<b>\$ (1,193,350)</b>	<b>-4.3%</b>	<b>\$ 27,135,610</b>	<b>\$ 282,378</b>	<b>1.1%</b>

\* Includes Vacancy Savings.

**FINANCE & ASSET MANAGEMENT DIVISION**  
**Major Drivers of FY 2017 Budget & FY 2018 Conceptual Budget**

**Major Drivers of FY 2017 Proposed Budget & FY 2018 Proposed Conceptual Budget**

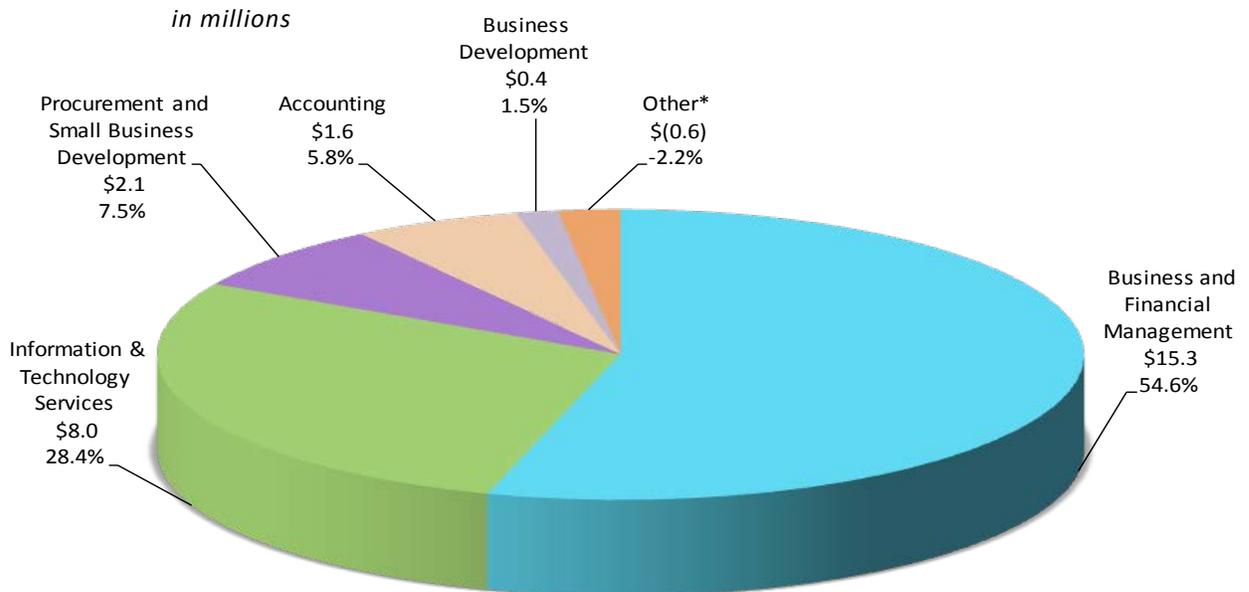
	Inc / (Dec) FY 17 vs FY 16	Inc / (Dec) FY 18 Conceptual vs FY 17
<b>FY 2016 Budget / FY 2017 Budget</b>	<b>\$ 28,046,582</b>	<b>\$ 26,853,232</b>
<b>Personnel Costs</b>		
Salary adjustments and pay-for-performance	(73,440)	183,925
Burden (benefits & employer taxes) for current staff	(545,996)	105,814
<b>Total Increase / (Decrease) in Personnel Costs*</b>	<b>(619,437)</b>	<b>289,739</b>
Parking credit card fees	128,709	12,289
Tenant improvements	(150,000)	-
ITS equipment purchases	(175,000)	-
Taxi hold lot lease	(237,064)	-
Other, net	(140,558)	(19,650)
<b>Total Increase / (Decrease) in Non-Personnel Costs</b>	<b>(573,914)</b>	<b>(7,361)</b>
<b>Total Increase / (Decrease)</b>	<b>(1,193,350)</b>	<b>282,378</b>
<b>FY 2017 Budget / FY 2018 Conceptual Budget</b>	<b>\$ 26,853,232</b>	<b>\$ 27,135,610</b>

*\*Personnel costs include vacancy saving.*

**FINANCE & ASSET MANAGEMENT DIVISION  
FY 2017 Expense Budget by Department**

Departments	FY 2017 Budget
Business and Financial Management	\$ 15,335,374
Information & Technology Services	7,974,902
Procurement and Small Business Development	2,104,394
Accounting	1,636,204
Business Development	410,660
Other*	(608,302)
<b>Total <sup>(1)</sup></b>	<b><u>\$ 26,853,232</u></b>

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



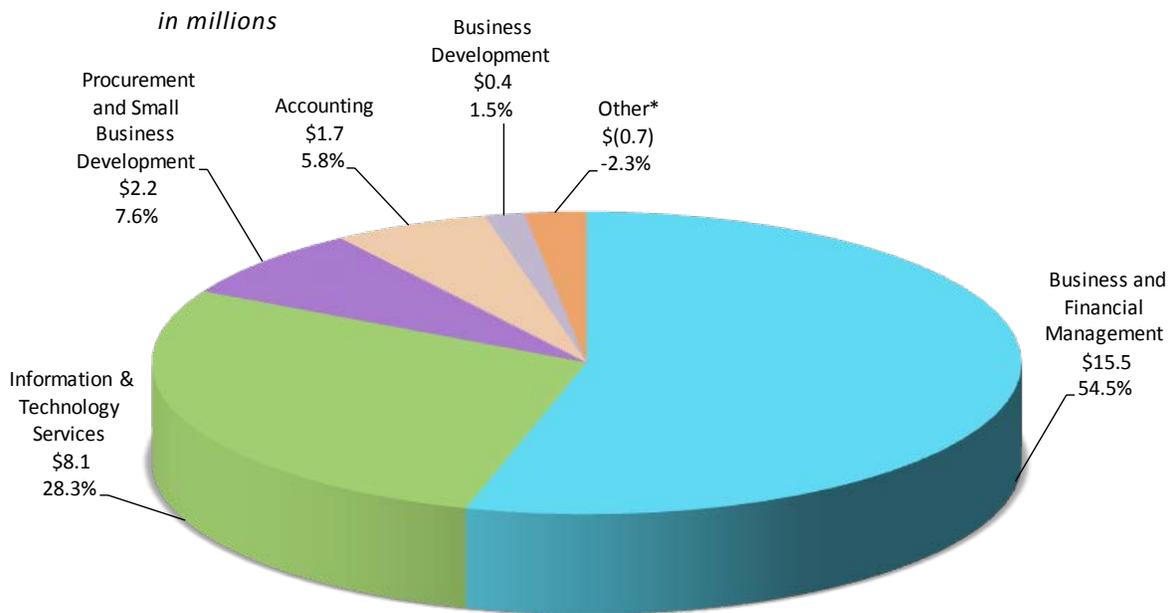
**FIGURE 31 – FY 2017 EXPENSE BUDGET BY DEPARTMENT**

*\*Vacancy Savings and Workers' Compensation Losses*

## FINANCE & ASSET MANAGEMENT DIVISION FY 2018 Expense Budget by Department

Departments	FY 2018 Conceptual Budget	
Business and Financial Management	\$	15,493,983
Information & Technology Services		8,063,781
Procurement and Small Business Development		2,160,798
Accounting		1,653,804
Business Development		417,923
Vacancy Savings and Worker's Compensation Losses		(654,679)
<b>Total <sup>(1)</sup></b>	<b>\$</b>	<b>27,135,610</b>

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



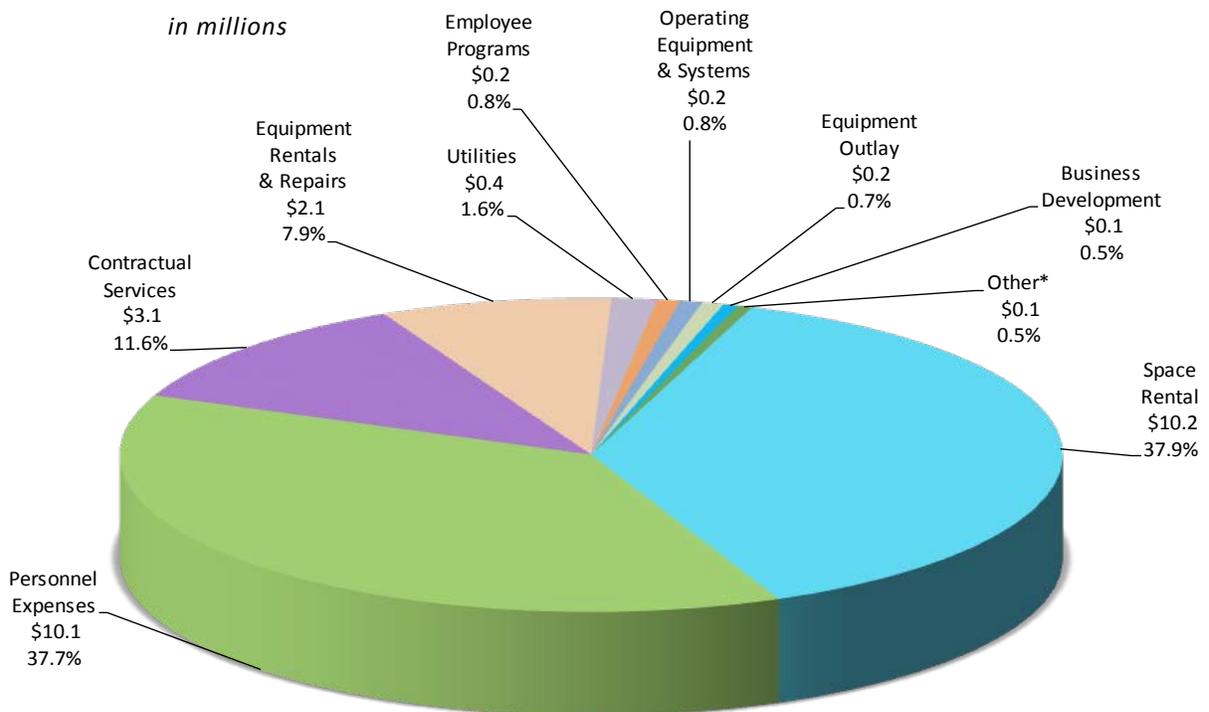
**FIGURE 32 – FY 2018 EXPENSE BUDGET BY DEPARTMENT**

\* Vacancy Savings and Workers' Compensation Losses

**FINANCE & ASSET MANAGEMENT DIVISION**  
**FY 2017 Expense Budget by Category**

Category	FY 2017 Budget
Space Rental	\$ 10,190,250
Personnel Expenses	10,113,781
Contractual Services	3,107,856
Equipment Rentals & Repairs	2,133,695
Utilities	416,900
Employee Programs	211,950
Operating Equipment & Systems	205,000
Equipment Outlay	200,000
Business Development	137,400
Other*	136,400
<b>Total <sup>(1)</sup></b>	<b>\$ 26,853,232</b>

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



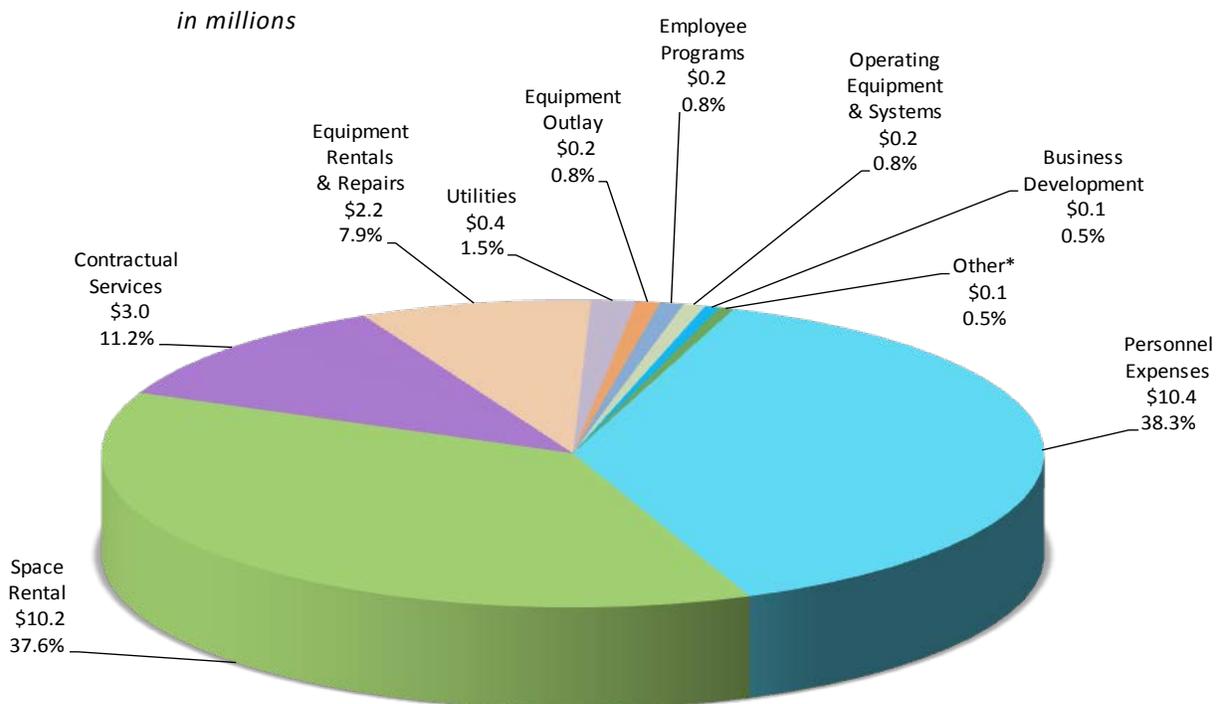
**FIGURE 33 – FY 2017 EXPENSE BUDGET BY CATEGORY**

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

**FINANCE & ASSET MANAGEMENT DIVISION**  
**FY 2018 Expense Budget by Category**

Category	FY 2018 Conceptual Budget
Personnel Expenses	\$ 10,403,520
Space Rental	10,190,250
Contractual Services	3,045,170
Equipment Rentals & Repairs	2,155,820
Utilities	416,900
Equipment Outlay	225,000
Employee Programs	219,150
Operating Equipment & Systems	205,500
Business Development	137,900
Other*	136,400
<b>Total <sup>(1)</sup></b>	<b>\$ 27,135,610</b>

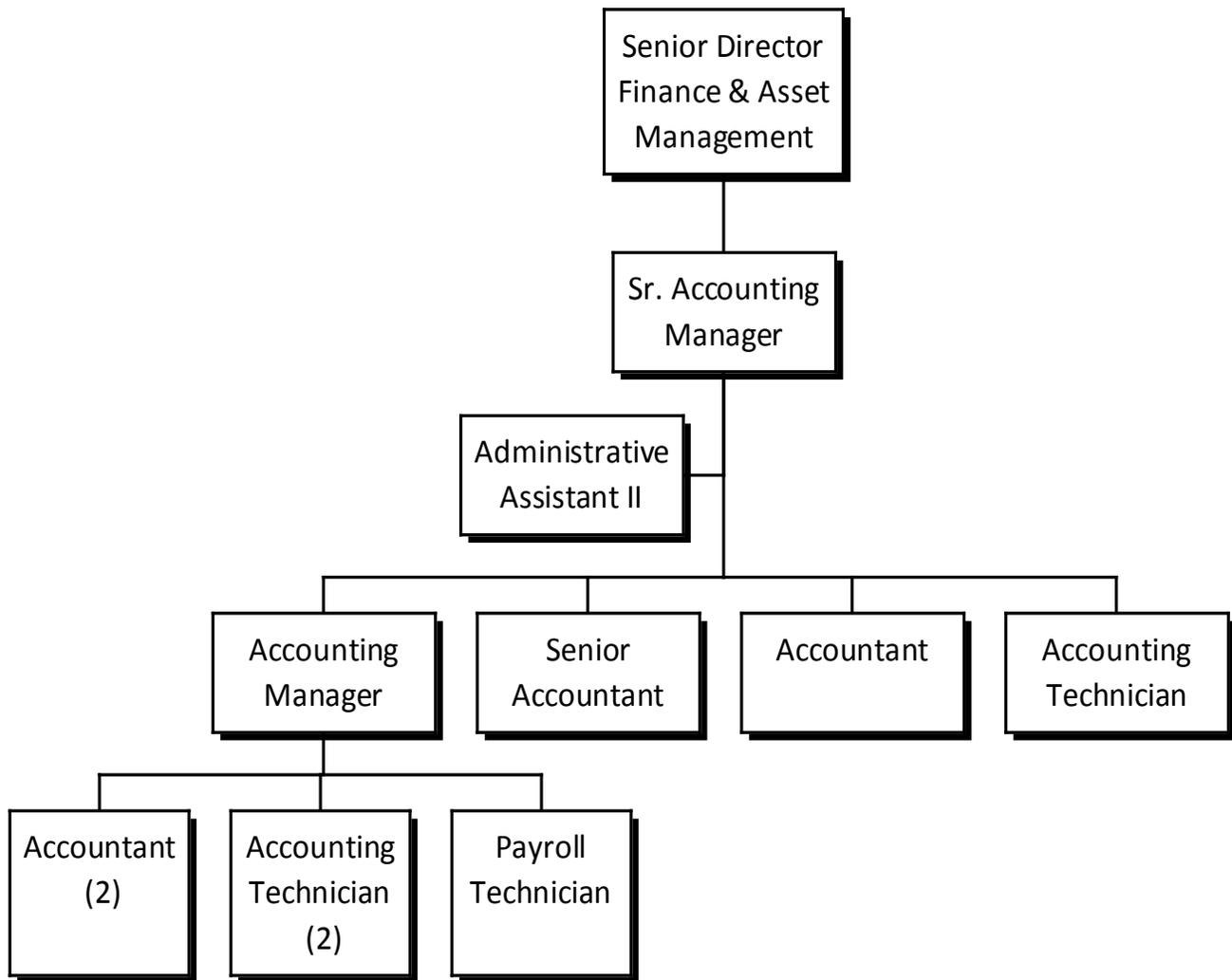
<sup>(1)</sup> Total may differ due to rounding.



**FIGURE 34 – FY 2018 EXPENSE BUDGET BY CATEGORY**

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

**FINANCE & ASSET MANAGEMENT DIVISION – ACCOUNTING**  
**FY 2017 – FY 2018 Organizational Structure**



*No personnel changes in FY 2018.*

**FINANCE & ASSET MANAGEMENT DIVISION – ACCOUNTING**  
**FY 2017 Budget - FY 2018 Conceptual Budget Expense Summary**

	FY 2015 Actuals	FY 2016 Budget	FY 2017 Budget	Inc / (Dec) FY 17 vs FY 16 Budget	% Change	FY 2018 Conceptual Budget	Inc / (Dec) FY 18 Conceptual vs FY 17 Budget	% Change
<b>Operating Expenses:</b>								
<b>Personnel Expenses</b>								
Salaries and Wages	\$ 748,024	\$ 883,318	\$ 921,876	\$ 38,558	4.4%	\$ 949,532	\$ 27,656	3.0%
Premium Overtime	1,399	-	-	-	0.0%	-	-	0.0%
Employee Benefits	434,962	478,427	457,028	(21,399)	-4.5%	475,372	18,344	4.0%
Subtotal	1,184,386	1,361,745	1,378,904	17,159	1.3%	1,424,904	46,000	3.3%
Less: Capitalized Labor	-	-	-	-	0.0%	-	-	0.0%
Less: QHP - Labor/Burden/Labor Overhead	-	-	-	-	0.0%	-	-	0.0%
<b>Total Personnel Expenses</b>	<b>1,184,386</b>	<b>1,361,745</b>	<b>1,378,904</b>	<b>17,159</b>	<b>1.3%</b>	<b>1,424,904</b>	<b>46,000</b>	<b>3.3%</b>
<b>Non-Personnel Expenses</b>								
Contractual Services	359,746	175,500	209,900	34,400	19.6%	181,500	(28,400)	-13.5%
Safety and Security	-	-	-	-	0.0%	-	-	0.0%
Space Rental	-	-	-	-	0.0%	-	-	0.0%
Utilities	-	-	-	-	0.0%	-	-	0.0%
Maintenance	-	-	-	-	0.0%	-	-	0.0%
Operating Equipment & Systems	859	2,000	3,000	1,000	50.0%	3,000	-	0.0%
Operating Supplies	11,604	12,300	15,500	3,200	26.0%	15,500	-	0.0%
Insurance	-	-	-	-	0.0%	-	-	0.0%
Employee Programs	8,624	10,300	12,400	2,100	20.4%	12,400	-	0.0%
Business Development	15,006	31,800	16,500	(15,300)	-48.1%	16,500	-	0.0%
Equipment Rentals & Repairs	-	-	-	-	0.0%	-	-	0.0%
Tenant Improvements	-	-	-	-	0.0%	-	-	0.0%
<b>Total Non-Personnel Expenses</b>	<b>395,839</b>	<b>231,900</b>	<b>257,300</b>	<b>25,400</b>	<b>11.0%</b>	<b>228,900</b>	<b>(28,400)</b>	<b>-11.0%</b>
<b>Total Operating Expenses</b>	<b>1,580,225</b>	<b>1,593,645</b>	<b>1,636,204</b>	<b>42,559</b>	<b>2.7%</b>	<b>1,653,804</b>	<b>17,600</b>	<b>1.1%</b>
<b>Non-Operating Expenses:</b>								
Joint Studies/Sound Attenuation	-	-	-	-	0.0%	-	-	0.0%
Debt Service	-	-	-	-	0.0%	-	-	0.0%
Legal Settlements Expense	-	-	-	-	0.0%	-	-	0.0%
<b>Total Non-Operating Expenses</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>0.0%</b>	<b>-</b>	<b>-</b>	<b>0.0%</b>
<b>Total Expenses</b>	<b>1,580,225</b>	<b>1,593,645</b>	<b>1,636,204</b>	<b>42,559</b>	<b>2.7%</b>	<b>1,653,804</b>	<b>17,600</b>	<b>1.1%</b>
Equipment Outlay	-	-	-	-	0.0%	-	-	0.0%
<b>Total Authority Expenses incl Equip Outlay</b>	<b>\$ 1,580,225</b>	<b>\$ 1,593,645</b>	<b>\$ 1,636,204</b>	<b>\$ 42,559</b>	<b>2.7%</b>	<b>\$ 1,653,804</b>	<b>\$ 17,600</b>	<b>1.1%</b>

**FINANCE & ASSET MANAGEMENT DIVISION – ACCOUNTING**  
**Major Drivers of FY 2017 Budget & FY 2018 Conceptual Budget**

	Inc / (Dec) FY 17 vs FY 16	Inc / (Dec) FY 18 Conceptual vs FY 17
<b>FY 2016 Budget / FY 2017 Budget</b>	<b>\$ 1,593,645</b>	<b>\$ 1,636,204</b>
<b>Personnel Costs</b>		
Salary adjustments and pay-for-performance	38,558	27,656
Burden (benefits & employer taxes) for current staff	(21,399)	18,344
<b>Total Increase / (Decrease) in Personnel Costs</b>	<b>17,159</b>	<b>46,000</b>
Customer Facility Charge (CFC) rate audit	49,800	(49,800)
Other, net	(24,400)	21,400
<b>Total Increase / (Decrease) in Non-Personnel Costs</b>	<b>25,400</b>	<b>(28,400)</b>
<b>Total Increase / (Decrease)</b>	<b>42,559</b>	<b>17,600</b>
<b>FY 2017 Budget / FY 2018 Conceptual Budget</b>	<b>\$ 1,636,204</b>	<b>\$ 1,653,804</b>

## FINANCE & ASSET MANAGEMENT DIVISION – ACCOUNTING Departmental Goals

### FY 2016 PROGRESS REPORT

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

**PROGRESS:** The FY 2015 audit was completed with no findings.

**INITIATIVE:** Strategically engage our employees in sustainable business practices.

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

**PROGRESS:** To date the Accounting and Financial Management departments have collaborated on many detailed processes to enhance the communication and understanding. Specific topics include:

- Clarification of the janitorial credit process for the new Airlines consortium, San Diego Airlines Consortium (SANCO)
- Accounts receivable monitoring and collections processes
- Rental Car Center billing and cost recovery process setup, documentation and mapping
- Operating revenue budget processes
- GASB 68 budgeting and accounting
- Utilities expense, budget and analysis
- Safety and security expense, budget and analysis
- Monthly Budget to Actual variance analysis

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

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

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

**PROGRESS:** To date several new procedures have been developed and implemented to enhance and improve internal controls, including:

- New procedures for third-party verification of goods not received by the warehouse;
- New vendor verification procedures;
- Development of a periodic review and analysis of disbursement data to provide feedback and recommendations to departments and ensure all procurement policies and procedures are being followed;

- Training has been conducted related to process modifications implemented to date, and additional training is scheduled for the Spring of 2016 to refresh and update internal customers on existing policies and procedures;

- An independent review and assessment of the Authority Purchase-to-Pay cycle is currently being conducted.

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

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

**PROGRESS:** In collaboration with the other departments in the Finance & Asset Management Division, the Accounting Department participated in the development of a program for job shadowing and training, and facilitated its implementation, which has resulted in six participants within the Division piloting the program for a six-month period which will conclude June 2016. To date, the program appears successful and will be evaluated at its conclusion for potential roll-out Authority wide.

**INITIATIVE:** Strategically engage our employees in sustainable business practices.

## FINANCE & ASSET MANAGEMENT DIVISION – ACCOUNTING Departmental Goals

### FY 2017 – FY 2018 GOALS

1. Successfully complete the FY 2016 audit with no findings, to be completed by the end of October 2016.

**INITIATIVE:** Strategically engage our employees in sustainable business practices.

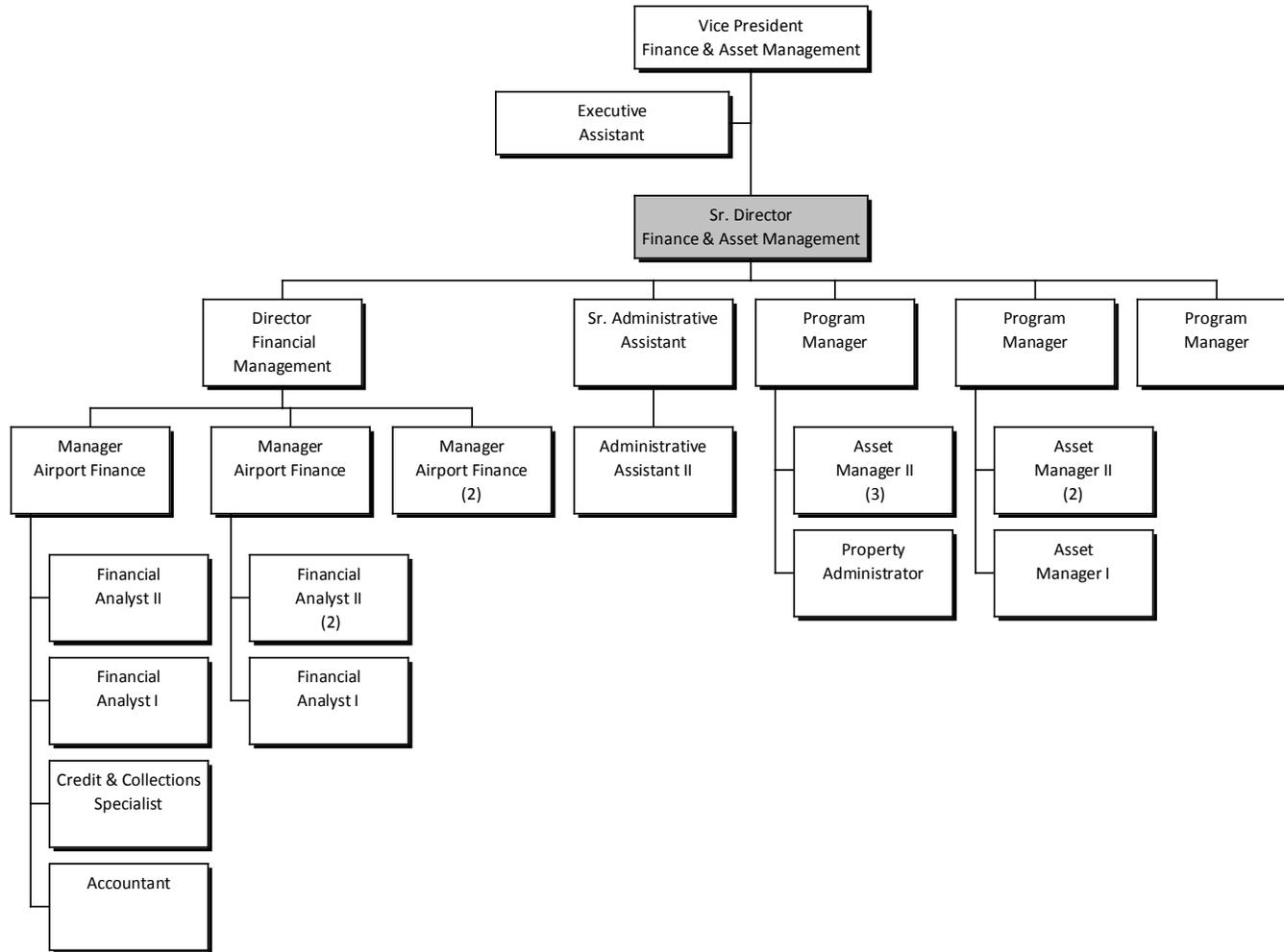
2. Continue active engagement between Accounting and Financial Management departments to enhance communication and understanding between departments on financial and operating issues. Examples may include: rates, fees and charges processes and calculations; understanding of the budget process to enhance the month end analysis; Grant, PFC and CFC funding and accounting processes; continued refinement of GASB 68 versus budget requirements; and implementation of GASB 74 – Financial Reporting for Post-Employment Benefit Plans Other Than Pension Plans.

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

3. Implementation of recommendations, resulting from the Purchase-to-Pay review and assessment, by the end of fiscal year 2017.

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

**FINANCE & ASSET MANAGEMENT DIVISION – BUSINESS & FINANCIAL MANAGEMENT**  
**FY 2017 - FY 2018 Organizational Structure**



*\* Position in grey resides in the Accounting Department and is shown for structural purposes.  
 No personnel changes in FY 2018.*

**FINANCE & ASSET MANAGEMENT DIVISION – BUSINESS & FINANCIAL MANAGEMENT**  
**FY 2017 Budget - FY 2018 Conceptual Budget Expense Summary**

	FY 2015 Actuals	FY 2016 Budget	FY 2017 Budget	Inc / (Dec) FY 17 vs FY 16 Budget	% Change	FY 2018 Conceptual Budget	Inc / (Dec) FY 18 Conceptual vs FY 17 Budget	% Change
<b>Operating Expenses:</b>								
<b>Personnel Expenses</b>								
Salaries and Wages	\$ 2,353,181	\$ 2,460,481	\$ 2,522,484	\$ 62,003	2.5%	\$ 2,598,159	\$ 75,675	3.0%
Premium Overtime	-	-	-	-	0.0%	-	-	0.0%
Employee Benefits	1,134,669	1,183,910	1,064,356	(119,554)	-10.1%	1,095,076	30,720	2.9%
Subtotal	3,487,851	3,644,391	3,586,840	(57,551)	-1.6%	3,693,235	106,395	3.0%
Less: Capitalized Labor	-	-	-	-	0.0%	-	-	0.0%
Less: QHP - Labor/Burden/Labor Overhead	-	-	-	-	0.0%	-	-	0.0%
<b>Total Personnel Expenses</b>	<b>3,487,851</b>	<b>3,644,391</b>	<b>3,586,840</b>	<b>(57,551)</b>	<b>-1.6%</b>	<b>3,693,235</b>	<b>106,395</b>	<b>3.0%</b>
<b>Non-Personnel Expenses</b>								
Contractual Services	938,393	1,278,100	1,392,384	114,284	8.9%	1,418,098	25,714	1.8%
Safety and Security	-	-	-	-	0.0%	-	-	0.0%
Space Rental	10,430,451	10,427,314	10,190,250	(237,064)	-2.3%	10,190,250	-	0.0%
Utilities	881	2,900	1,200	(1,700)	-58.6%	1,200	-	0.0%
Maintenance	18,014	20,240	20,000	(240)	-1.2%	20,000	-	0.0%
Operating Equipment & Systems	6,789	7,000	9,000	2,000	28.6%	9,500	500	5.6%
Operating Supplies	11,295	12,350	14,200	1,850	15.0%	14,200	-	0.0%
Insurance	-	-	-	-	0.0%	-	-	0.0%
Employee Programs	56,296	71,600	64,850	(6,750)	-9.4%	65,850	1,000	1.5%
Business Development	25,481	48,850	56,650	7,800	16.0%	56,650	-	0.0%
Equipment Rentals & Repairs	29,791	1,000	-	(1,000)	-100.0%	-	-	0.0%
Tenant Improvements	13,860	150,000	-	(150,000)	-100.0%	-	-	0.0%
<b>Total Non-Personnel Expenses</b>	<b>11,531,250</b>	<b>12,019,354</b>	<b>11,748,534</b>	<b>(270,820)</b>	<b>-2.3%</b>	<b>11,775,748</b>	<b>27,214</b>	<b>0.2%</b>
<b>Total Operating Expenses</b>	<b>15,019,101</b>	<b>15,663,745</b>	<b>15,335,374</b>	<b>(328,371)</b>	<b>-2.1%</b>	<b>15,468,983</b>	<b>133,609</b>	<b>0.9%</b>
<b>Non-Operating Expenses:</b>								
Joint Studies/Sound Attenuation	-	-	-	-	0.0%	-	-	0.0%
Debt Service	-	-	-	-	0.0%	-	-	0.0%
Legal Settlements Expense	-	-	-	-	0.0%	-	-	0.0%
<b>Total Non-Operating Expenses</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>0.0%</b>	<b>-</b>	<b>-</b>	<b>0.0%</b>
<b>Total Expenses</b>	<b>15,019,101</b>	<b>15,663,745</b>	<b>15,335,374</b>	<b>(328,371)</b>	<b>-2.1%</b>	<b>15,468,983</b>	<b>133,609</b>	<b>0.9%</b>
Equipment Outlay	-	-	-	-	0.0%	25,000	25,000	0.0%
<b>Total Authority Expenses incl Equip Outlay</b>	<b>\$ 15,019,101</b>	<b>\$ 15,663,745</b>	<b>\$ 15,335,374</b>	<b>\$ (328,371)</b>	<b>-2.1%</b>	<b>\$ 15,493,983</b>	<b>\$ 158,609</b>	<b>1.0%</b>

**FINANCE & ASSET MANAGEMENT DIVISION – BUSINESS & FINANCIAL MANAGEMENT**  
**Major Drivers of FY 2017 Budget & FY 2018 Conceptual Budget**

	Inc / (Dec) FY 17 vs FY 16	Inc / (Dec) FY 18 Conceptual vs FY 17
<b>FY 2016 Budget / FY 2017 Budget</b>	<b>\$ 15,663,745</b>	<b>\$ 15,335,374</b>
<b>Personnel Costs</b>		
Salary adjustments and pay-for-performance	62,003	75,675
Burden (benefits & employer taxes) for current staff	(119,554)	30,720
<b>Total Increase / (Decrease) in Personnel Costs</b>	<b>(57,551)</b>	<b>106,395</b>
Parking credit card fees	128,709	12,289
Tenant improvements	(150,000)	-
Taxi hold lot lease	(237,064)	-
Other, net	(12,465)	39,925
<b>Total Increase / (Decrease) in Non-Personnel Costs</b>	<b>(270,820)</b>	<b>52,214</b>
<b>Total Increase / (Decrease)</b>	<b>(328,371)</b>	<b>158,609</b>
<b>FY 2017 Budget / FY 2018 Conceptual Budget</b>	<b>\$ 15,335,374</b>	<b>\$ 15,493,983</b>

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

### FY 2016 PROGRESS REPORT

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

**PROGRESS:** The Department developed a long-term plan of finance incorporating the 20-Year Capital Plan and planning estimates related to the Airport Development Plan. The plan of finance has been used to affect the Airport's prioritization of capital plans and will be updated with the current 5-year capital cycle and more advanced Airport Development Plan estimates.

**INITIATIVE:** Develop a sustainable long-term capital plan.

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

**PROGRESS:** In collaboration with the other departments in the Finance & Asset Management Division, the Business & Financial Management Department participated in the development of a program for job shadowing and training, and facilitated its implementation, which has resulted in six participants within the Division piloting the program for a six-month period which will conclude June 2016. To date, the program appears successful and will be evaluated at its conclusion for potential roll-out Authority wide.

**INITIATIVE:** Strategically engage our employees in sustainable business practices.

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

**PROGRESS:** The effort is ongoing as the department collaborates closely with both Information & Technology Services and Business Development Departments. The department has been engaged from the initial development of opportunities and provided financial and business input to help assist in the implementation of successful projects.

**INITIATIVE:** Focus on revenue generation and cost control opportunities; develop a sustainable long-term capital plan.

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

**PROGRESS:** The program managers and real estate manager meet weekly with the Terminal & Tenant staff to share updates and discuss roles and responsibilities. These meetings have provided opportunities to share perspectives and develop compromises. This has also improved relationships and helped to provide an improved customer service to our stakeholders.

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

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

### FY 2017 – FY 2018 GOALS

1. Develop management reporting and dashboards on concessions, parking revenues and rental car license revenues by the end of fiscal year 2017, to be incorporated in a monthly or quarterly packet to the executives and senior staff.

**INITIATIVE:** Focus on revenue generation and cost control opportunities.

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

**INITIATIVE:** Focus on revenue generation and cost control opportunities.

3. Support the Airport Capital Plan by identifying and assessing funding sources and incorporating these sources into a long-term capital plan, which will assist in developing a sustainable and acceptable plan to the Authority's Board and Airline Partners.

**INITIATIVE:** Maintain a sustainable long-term capital plan.

4. Commence evaluation of the Airline Operating and Lease Agreement ("AOA"), due to expire in July 2018, to ensure it is state of the art when benchmarking against other similar airports and to assist with negotiations with the Authority's Airline Partners for a new AOA. Work closely with Finance to incorporate the ideas into the business model and include ideas for concession development.

**INITIATIVE:** Focus on revenue generation and cost control opportunities.

5. Actively participate as a key stakeholder in the development of the Authority's Strategic Plan through identification of revenue development strategies and plan of finance considerations.

**INITIATIVE:** Focus on revenue generation and cost control opportunities.

**FINANCE & ASSET MANAGEMENT DIVISION – BUSINESS DEVELOPMENT  
FY 2017 – FY 2018 Organizational Structure**

Senior Manager  
Finance & Asset Management

*No personnel changes in FY 2018.*

**FINANCE & ASSET MANAGEMENT DIVISION – BUSINESS DEVELOPMENT**  
**FY 2017 Budget - FY 2018 Conceptual Budget Expense Summary**

	FY 2015 Actuals	FY 2016 Budget	FY 2017 Budget	Inc / (Dec) FY 17 vs FY 16 Budget	% Change	FY 2018 Conceptual Budget	Inc / (Dec) FY 18 Conceptual vs FY 17 Budget	% Change
<b>Operating Expenses:</b>								
<b>Personnel Expenses</b>								
Salaries and Wages	\$ 75,434	\$ 94,210	\$ 209,974	\$ 115,764	122.9%	\$ 215,025	\$ 5,051	2.4%
Premium Overtime	262	-	-	-	0.0%	-	-	0.0%
Employee Benefits	21,474	21,693	75,486	53,793	248.0%	77,698	2,212	2.9%
Subtotal	97,171	115,903	285,460	169,557	146.3%	292,723	7,263	2.5%
Less: Capitalized Labor	-	-	-	-	0.0%	-	-	0.0%
Less: QHP - Labor/Burden/Labor Overhead	-	-	-	-	0.0%	-	-	0.0%
<b>Total Personnel Expenses</b>	<b>97,171</b>	<b>115,903</b>	<b>285,460</b>	<b>169,557</b>	<b>146.3%</b>	<b>292,723</b>	<b>7,263</b>	<b>2.5%</b>
<b>Non-Personnel Expenses</b>								
Contractual Services	44,677	200,000	100,000	(100,000)	-50.0%	100,000	-	0.0%
Safety and Security	-	-	-	-	0.0%	-	-	0.0%
Space Rental	-	-	-	-	0.0%	-	-	0.0%
Utilities	-	-	-	-	0.0%	-	-	0.0%
Maintenance	-	-	-	-	0.0%	-	-	0.0%
Operating Equipment & Systems	-	-	-	-	0.0%	-	-	0.0%
Operating Supplies	41	-	-	-	0.0%	-	-	0.0%
Insurance	-	-	-	-	0.0%	-	-	0.0%
Employee Programs	3,745	-	15,200	15,200	0.0%	15,200	-	0.0%
Business Development	127	5,000	10,000	5,000	100.0%	10,000	-	0.0%
Equipment Rentals & Repairs	-	-	-	-	0.0%	-	-	0.0%
Tenant Improvements	-	-	-	-	0.0%	-	-	0.0%
<b>Total Non-Personnel Expenses</b>	<b>48,590</b>	<b>205,000</b>	<b>125,200</b>	<b>(79,800)</b>	<b>-38.9%</b>	<b>125,200</b>	<b>-</b>	<b>0.0%</b>
<b>Total Operating Expenses</b>	<b>145,760</b>	<b>320,903</b>	<b>410,660</b>	<b>89,757</b>	<b>28.0%</b>	<b>417,923</b>	<b>7,263</b>	<b>1.8%</b>
<b>Non-Operating Expenses:</b>								
Joint Studies/Sound Attenuation	-	-	-	-	0.0%	-	-	0.0%
Debt Service	-	-	-	-	0.0%	-	-	0.0%
Legal Settlements Expense	-	-	-	-	0.0%	-	-	0.0%
<b>Total Non-Operating Expenses</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>0.0%</b>	<b>-</b>	<b>-</b>	<b>0.0%</b>
<b>Total Expenses</b>	<b>145,760</b>	<b>320,903</b>	<b>410,660</b>	<b>89,757</b>	<b>28.0%</b>	<b>417,923</b>	<b>7,263</b>	<b>1.8%</b>
Equipment Outlay	-	-	-	-	0.0%	-	-	0.0%
<b>Total Authority Expenses incl Equip Outlay</b>	<b>\$ 145,760</b>	<b>\$ 320,903</b>	<b>\$ 410,660</b>	<b>\$ 89,757</b>	<b>28.0%</b>	<b>\$ 417,923</b>	<b>\$ 7,263</b>	<b>1.8%</b>

**FINANCE & ASSET MANAGEMENT DIVISION – BUSINESS DEVELOPMENT**  
**Major Drivers of FY 2017 Budget & FY 2018 Conceptual Budget**

	<b>Inc / (Dec) FY 17 vs FY 16</b>	<b>Inc / (Dec) FY 18 Conceptual vs FY 17</b>
<b>FY 2016 Budget / FY 2017 Budget</b>	<b>\$ 320,903</b>	<b>\$ 410,660</b>
<b>Personnel Costs</b>		
Salary adjustments and pay-for-performance	115,764	5,051
Burden (benefits & employer taxes) for current staff	53,793	2,212
<b>Total Increase / (Decrease) in Personnel Costs</b>	<b>169,557</b>	<b>7,263</b>
Research costs	(100,000)	-
Other, net	20,200	-
<b>Total Increase / (Decrease) in Non-Personnel Costs</b>	<b>(79,800)</b>	<b>-</b>
<b>Total Increase / (Decrease)</b>	<b>89,757</b>	<b>7,263</b>
<b>FY 2017 Budget / FY 2018 Conceptual Budget</b>	<b>\$ 410,660</b>	<b>\$ 417,923</b>

## FINANCE & ASSET MANAGEMENT DIVISION – BUSINESS DEVELOPMENT

### Departmental Goals

#### FY 2016 PROGRESS REPORT

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

**PROGRESS:** In collaboration with the other departments in the Finance & Asset Management Division, the Business Development Department participated in the development of a program for job shadowing and training, and facilitated its implementation, which has resulted in six participants within the Division piloting the program for a six-month period which will conclude June 2016. To date, the program appears successful and will be evaluated at its conclusion for potential roll-out Authority wide.

**INITIATIVE:** Strategically engage our employees in sustainable business practices.

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

**PROGRESS:** Business Development has completed a series of 12 focus groups with frequent users of San Diego International Airport, and the data obtained has contributed to the completion of a survey of 1,600 additional frequent users of the Airport. The results are being evaluated and new business concepts prioritized for potential implementation.

**INITIATIVE:** Pursuing revenue generation and cost control opportunities.

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

**PROGRESS:** Business Development has evaluated and presented recommendations for new business concepts including a high-end cosmetics unit and Innovation Lab, both of which have been approved for advancement. Analyses are in process to identify opportunities to enhance the Airport App that is already in implementation, a Food Ordering and Delivery App, Customer Loyalty Program and new parking products, including potential corporate parking agreements with local entities with high frequency travels.

**INITIATIVE:** Pursuing revenue generation and cost control opportunities.

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

**PROGRESS:** Business Development has successfully partnered with multiple other departments to advance the Airport's Parking Reservation System, Innovation Lab, the Airport app and beacon Program, all of which are anticipated to be implemented this fiscal year.

**INITIATIVE:** Pursuing revenue generation and cost control opportunities.

## FINANCE & ASSET MANAGEMENT DIVISION – BUSINESS DEVELOPMENT

### Departmental Goals

#### FY 2017 – FY 2018 GOALS

1. Collaborate with internal stakeholders to develop business plans and present recommendations for at least 3 new business concepts aimed at driving incremental revenue and/or reducing costs beyond that budgeted for Fiscal Year 2017.

**INITIATIVE:** Focus on revenue generation and cost control opportunities.

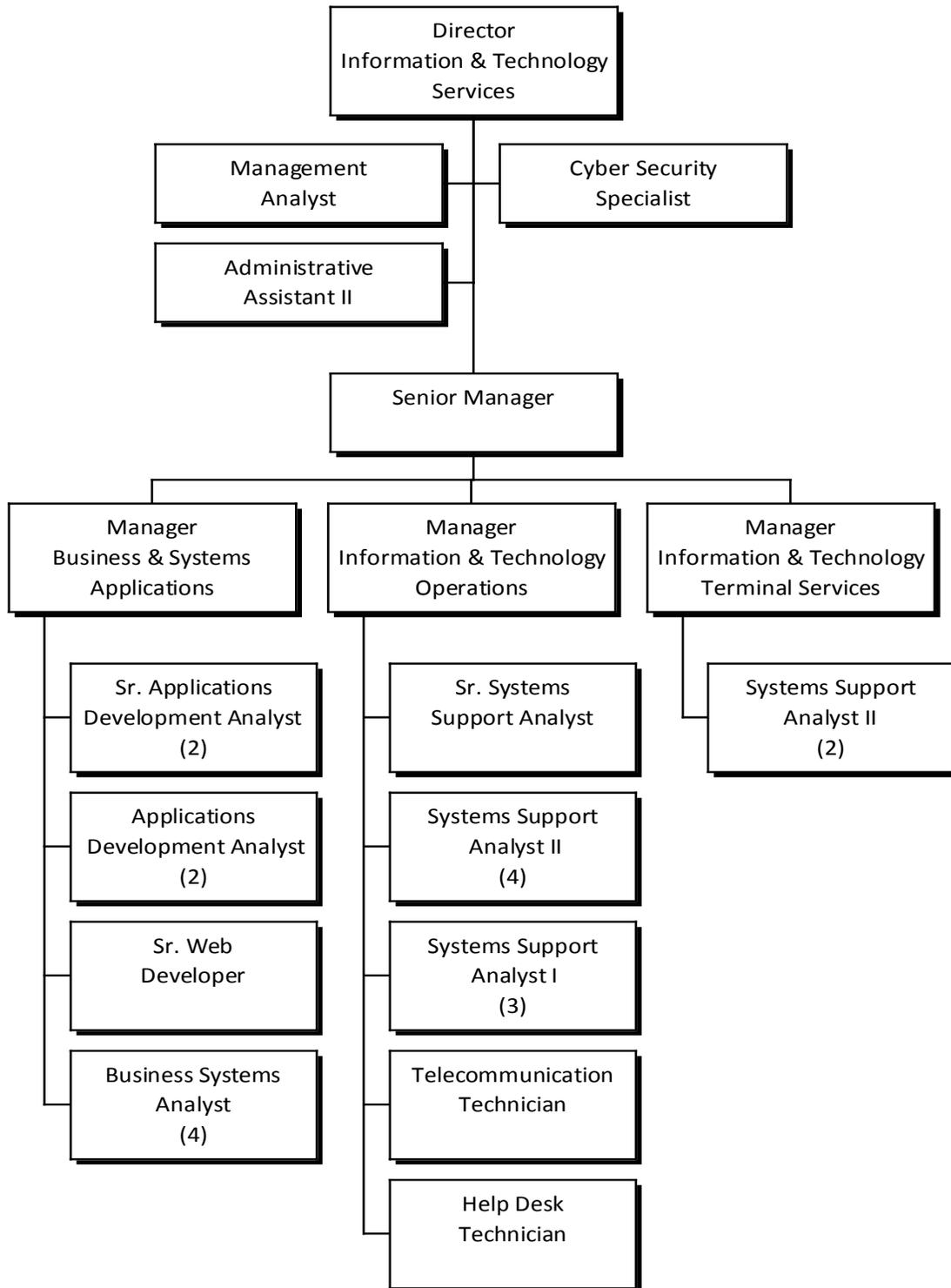
2. Support the implementation of approved business concepts, in partnership with project owners (e.g., Business & Financial Management, Ground Transportation, and Information & Technology Services), in accordance with approved project schedules.

**INITIATIVE:** Focus on revenue generation and cost control opportunities.

3. Actively participate as a key stakeholder in the development of the Authority's Strategic Plan ensuring that business opportunities are considered and incorporated where applicable.

**INITIATIVE:** Focus on revenue generation and cost control opportunities.

**FINANCE & ASSET MANAGEMENT DIVISION – INFORMATION & TECHNOLOGY SERVICES  
 FY 2017 – FY 2018 Organizational Structure**



*No personnel changes in FY 2018.*

**FINANCE & ASSET MANAGEMENT DIVISION – INFORMATION & TECHNOLOGY SERVICES**  
**FY 2017 Budget - FY 2018 Conceptual Budget Expense Summary**

	FY 2015 Actuals	FY 2016 Budget	FY 2017 Budget	Inc / (Dec) FY 17 vs FY 16 Budget	% Change	FY 2018 Conceptual Budget	Inc / (Dec) FY 18 Conceptual vs FY 17 Budget	% Change
<b>Operating Expenses:</b>								
<b>Personnel Expenses</b>								
Salaries and Wages	\$ 2,142,796	\$ 2,322,558	\$ 2,427,192	\$ 104,634	4.5%	\$ 2,499,828	\$ 72,636	3.0%
Premium Overtime	103,218	150,000	150,000	-	0.0%	150,000	-	0.0%
Employee Benefits	1,195,855	1,260,519	1,208,743	(51,777)	-4.1%	1,257,861	49,118	4.1%
Subtotal	3,441,869	3,733,078	3,785,935	52,858	1.4%	3,907,689	121,753	3.2%
Less: Capitalized Labor	(13,468)	-	-	-	0.0%	-	-	0.0%
Less: QHP - Labor/Burden/Labor Overhead	-	-	-	-	0.0%	-	-	0.0%
<b>Total Personnel Expenses</b>	<b>3,428,401</b>	<b>3,733,078</b>	<b>3,785,935</b>	<b>52,858</b>	<b>1.4%</b>	<b>3,907,689</b>	<b>121,753</b>	<b>3.2%</b>
<b>Non-Personnel Expenses</b>								
Contractual Services	838,840	1,061,231	1,131,072	69,841	6.6%	1,071,072	(60,000)	-5.3%
Safety and Security	-	-	-	-	0.0%	-	-	0.0%
Space Rental	-	-	-	-	0.0%	-	-	0.0%
Utilities	375,997	404,200	415,400	11,200	2.8%	415,400	-	0.0%
Maintenance	-	-	-	-	0.0%	-	-	0.0%
Operating Equipment & Systems	1,139,700	265,000	193,000	(72,000)	-27.2%	193,000	-	0.0%
Operating Supplies	66,194	61,900	76,000	14,100	22.8%	76,000	-	0.0%
Insurance	-	-	-	-	0.0%	-	-	0.0%
Employee Programs	75,177	74,700	86,700	12,000	16.1%	91,700	5,000	5.8%
Business Development	7,732	8,100	8,100	-	0.0%	8,100	-	0.0%
Equipment Rentals & Repairs	1,626,759	2,175,379	2,078,695	(96,684)	-9.9%	2,100,820	22,125	1.2%
Tenant Improvements	-	-	-	-	0.0%	-	-	0.0%
<b>Total Non-Personnel Expenses</b>	<b>4,130,400</b>	<b>4,050,510</b>	<b>3,988,967</b>	<b>(61,543)</b>	<b>-1.5%</b>	<b>3,956,092</b>	<b>(32,875)</b>	<b>-0.8%</b>
<b>Total Operating Expenses</b>	<b>7,558,801</b>	<b>7,783,588</b>	<b>7,774,902</b>	<b>(8,686)</b>	<b>-0.1%</b>	<b>7,863,781</b>	<b>88,878</b>	<b>1.1%</b>
<b>Non-Operating Expenses:</b>								
Joint Studies/Sound Attenuation	-	-	-	-	0.0%	-	-	0.0%
Debt Service	-	-	-	-	0.0%	-	-	0.0%
Legal Settlements Expense	-	-	-	-	0.0%	-	-	0.0%
<b>Total Non-Operating Expenses</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>0.0%</b>	<b>-</b>	<b>-</b>	<b>0.0%</b>
<b>Total Expenses</b>	<b>7,558,801</b>	<b>7,783,588</b>	<b>7,774,902</b>	<b>(8,686)</b>	<b>-0.1%</b>	<b>7,863,781</b>	<b>88,878</b>	<b>1.1%</b>
Equipment Outlay	33,408	375,000	200,000	(175,000)	-46.7%	200,000	-	0.0%
<b>Total Authority Expenses incl Equip Outlay</b>	<b>\$ 7,592,209</b>	<b>\$ 8,158,588</b>	<b>\$ 7,974,902</b>	<b>\$ (183,686)</b>	<b>-2.3%</b>	<b>\$ 8,063,781</b>	<b>\$ 88,878</b>	<b>1.1%</b>

**FINANCE & ASSET MANAGEMENT DIVISION – INFORMATION & TECHNOLOGY SERVICES**  
**Major Drivers of FY 2017 Budget & FY 2018 Conceptual Budget**

	<b>Inc / (Dec) FY 17 vs FY 16</b>	<b>Inc / (Dec) FY 18 Conceptual vs FY 17</b>
<b>FY 2016 Budget / FY 2017 Budget</b>	<b>\$ 8,158,588</b>	<b>\$ 7,974,902</b>
<b>Personnel Costs</b>		
Salary adjustments and pay-for-performance	104,634	72,636
Burden (benefits & employer taxes) for current staff	(51,777)	49,118
<b>Total Increase / (Decrease) in Personnel Costs</b>	<b>52,858</b>	<b>121,753</b>
IT compliance services and support services	74,841	(60,000)
Network equipment maintenance	(86,684)	22,125
Equipment purchases	(175,000)	-
Other, net	(49,700)	5,000
<b>Total Increase / (Decrease) in Non-Personnel Costs</b>	<b>(236,543)</b>	<b>(32,875)</b>
<b>Total Increase / (Decrease)</b>	<b>(183,686)</b>	<b>88,878</b>
<b>FY 2017 Budget / FY 2018 Conceptual Budget</b>	<b>\$ 7,974,902</b>	<b>\$ 8,063,781</b>

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

### FY 2016 PROGRESS REPORT

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

**PROGRESS:** Information & Technology Services continues to coordinate with Business Development and together have identified, and are working on, three different initiatives for increasing non-aeronautical revenue. The first, parking reservations, is planned for implementation in second quarter of 2016. The second, mobile app Beacons, is currently in beta testing and is scheduled to be rolled-out in second quarter of 2016. The third, The Innovation Lab, is currently in development, and is planned to be rolled-out in third quarter of 2016.

**INITIATIVE:** Develop a sustainable long-term capital plan; focus on revenue generation and cost control opportunities.

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

**PROGRESS:** In collaboration with the other departments in the Finance & Asset Management Division, the Information & Technology Services Department participated in the development of a program for job shadowing and training, and facilitated its implementation, which has resulted in six participants within the Division piloting the program for a six-month period which will conclude June 2016. To date, the program appears successful and will be evaluated at its conclusion for potential roll-out Authority wide.

**INITIATIVE:** Strategically engage our employees in sustainable business practices.

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

**PROGRESS:** The Technology Master Plan RFP is currently out for bid, with responses due by end of March 2016.

**INITIATIVE:** Focus on revenue generation and cost control opportunities; develop a sustainable long-term capital plan.

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

**PROGRESS:** Information & Technology Services has implemented “client managers” for each of the departments, and meetings are regularly scheduled with key persons from those departments so that ITS is able to meet their technology needs, and collaborate on future projects.

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

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

### FY 2017 – FY 2018 GOALS

1. Identify opportunities for information technology solutions to increase non-aeronautical revenue sources, or create cost containment solutions. This will be achieved by implementing the Innovation Lab in coordination with other Departments, and having three new revenue generating projects implemented by June 2017.

**INITIATIVE:** Maintain a sustainable long-term capital plan; focus on revenue generation and cost control opportunities.

2. Improve the various IT processes involved in updating and maintaining existing IT systems and infrastructure. This will be achieved by creating or updating processes involved in change management, release management, project management, and incident management. Have new processes implemented by June 2017.

**INITIATIVE:** Strategically engage our employees in sustainable business practices.

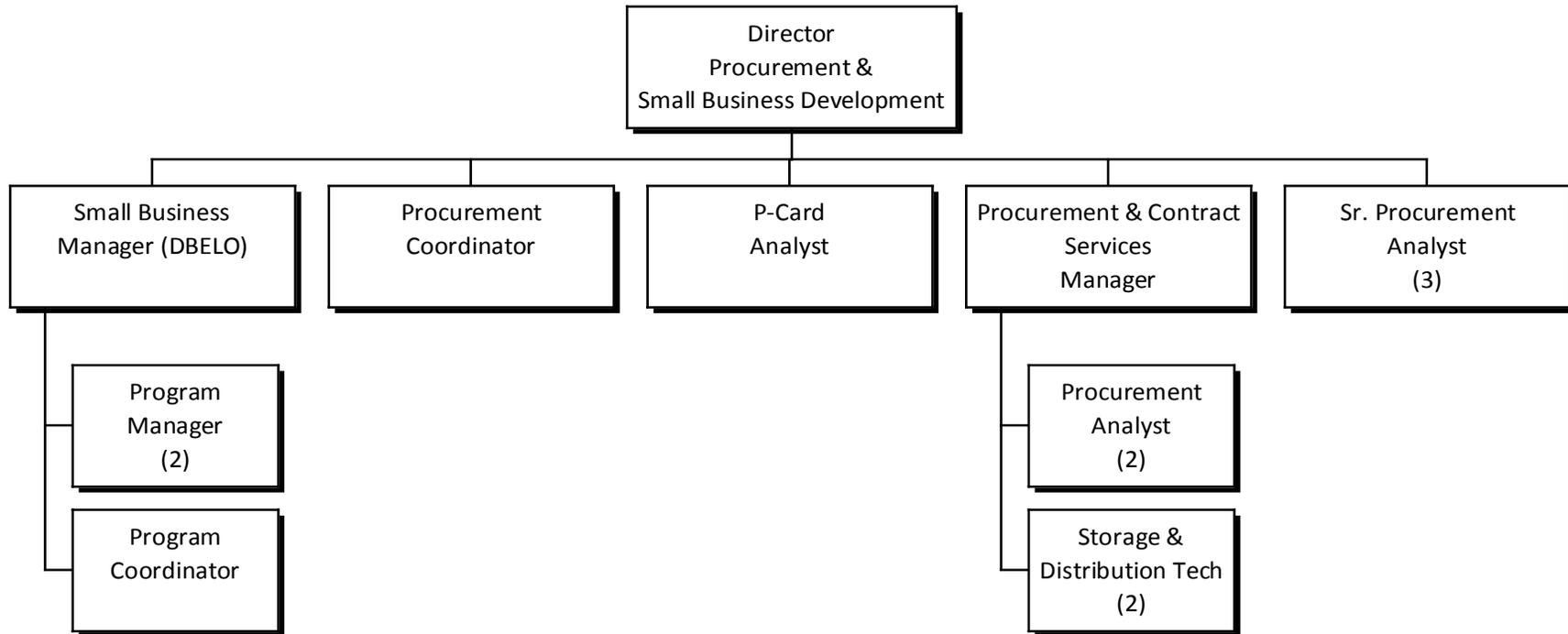
3. Continue to improve collaboration with other departments by implementing, or in some cases refining, customer relationship processes. This will be achieved by conducting regular account manager meetings, increasing face to face interactions with our customers, implementing communications enhancements, and improving delivery processes.

**INITIATIVE:** Strategically engage our employees in sustainable business practices.

4. Coordinate the development of the IT Master Plan project with the planned Strategic Plan. During the implementation of the IT Master Plan, the ITS Department will ensure that coordination occurs with the team identified to implement the Strategic Plan. Adjustments may be made to the IT Master Plan to accommodate Strategic Plan initiatives, where appropriate.

**INITIATIVE:** Strategically engage our employees in sustainable business practices.

**FINANCE & ASSET MANAGEMENT DIVISION – PROCUREMENT & SMALL BUSINESS DEVELOPMENT**  
**FY 2017 – FY 2018 Organizational Structure**



*No personnel changes in FY 2018.*

**FINANCE & ASSET MANAGEMENT DIVISION – PROCUREMENT & SMALL BUSINESS DEVELOPMENT**  
**FY 2017 Budget - FY 2018 Conceptual Budget Expense Summary**

	FY 2015 Actuals	FY 2016 Budget	FY 2017 Budget	Inc / (Dec) FY 17 vs FY 16 Budget	% Change	FY 2018 Conceptual Budget	Inc / (Dec) FY 18 Conceptual vs FY 17 Budget	% Change
<b>Operating Expenses:</b>								
<b>Personnel Expenses</b>								
Salaries and Wages	\$ 1,040,454	\$ 1,114,111	\$ 1,145,187	\$ 31,076	2.8%	\$ 1,179,542	\$ 34,356	3.0%
Premium Overtime	-	-	-	-	0.0%	-	-	0.0%
Employee Benefits	557,011	582,205	539,757	(42,448)	-7.3%	560,106	20,349	3.8%
Subtotal	1,597,465	1,696,316	1,684,944	(11,372)	-0.7%	1,739,648	54,705	3.2%
Less: Capitalized Labor	-	-	-	-	0.0%	-	-	0.0%
Less: QHP - Labor/Burden/Labor Overhead	-	-	-	-	0.0%	-	-	0.0%
<b>Total Personnel Expenses</b>	<b>1,597,465</b>	<b>1,696,316</b>	<b>1,684,944</b>	<b>(11,372)</b>	<b>-0.7%</b>	<b>1,739,648</b>	<b>54,705</b>	<b>3.2%</b>
<b>Non-Personnel Expenses</b>								
Contractual Services	247,803	281,000	274,500	(6,500)	-2.3%	274,500	-	0.0%
Safety and Security	-	-	-	-	0.0%	-	-	0.0%
Space Rental	-	-	-	-	0.0%	-	-	0.0%
Utilities	33	100	300	200	200.0%	300	-	0.0%
Maintenance	-	-	-	-	0.0%	-	-	0.0%
Operating Equipment & Systems	943	-	-	-	0.0%	-	-	0.0%
Operating Supplies	6,115	10,400	10,700	300	2.9%	10,700	-	0.0%
Insurance	-	-	-	-	0.0%	-	-	0.0%
Employee Programs	18,241	30,850	32,800	1,950	6.3%	34,000	1,200	3.7%
Business Development	47,453	58,750	46,150	(12,600)	-21.4%	46,650	500	1.1%
Equipment Rentals & Repairs	46,730	50,500	55,000	4,500	8.9%	55,000	-	0.0%
Tenant Improvements	-	-	-	-	0.0%	-	-	0.0%
<b>Total Non-Personnel Expenses</b>	<b>367,317</b>	<b>431,600</b>	<b>419,450</b>	<b>(12,150)</b>	<b>-2.8%</b>	<b>421,150</b>	<b>1,700</b>	<b>0.4%</b>
<b>Total Operating Expenses</b>	<b>1,964,782</b>	<b>2,127,916</b>	<b>2,104,394</b>	<b>(23,522)</b>	<b>-1.1%</b>	<b>2,160,798</b>	<b>56,405</b>	<b>2.7%</b>
<b>Non-Operating Expenses:</b>								
Joint Studies/Sound Attenuation	-	-	-	-	0.0%	-	-	0.0%
Debt Service	-	-	-	-	0.0%	-	-	0.0%
Legal Settlements Expense	-	-	-	-	0.0%	-	-	0.0%
<b>Total Non-Operating Expenses</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>0.0%</b>	<b>-</b>	<b>-</b>	<b>0.0%</b>
<b>Total Expenses</b>	<b>1,964,782</b>	<b>2,127,916</b>	<b>2,104,394</b>	<b>(23,522)</b>	<b>-1.1%</b>	<b>2,160,798</b>	<b>56,405</b>	<b>2.7%</b>
Equipment Outlay	-	-	-	-	0.0%	-	-	0.0%
<b>Total Authority Expenses incl Equip Outlay</b>	<b>\$ 1,964,782</b>	<b>\$ 2,127,916</b>	<b>\$ 2,104,394</b>	<b>\$ (23,522)</b>	<b>-1.1%</b>	<b>\$ 2,160,798</b>	<b>\$ 56,405</b>	<b>2.7%</b>

**FINANCE & ASSET MANAGEMENT DIVISION – PROCUREMENT & SMALL BUSINESS DEVELOPMENT**  
**Major Drivers of FY 2017 Budget & FY 2018 Conceptual Budget**

	Inc / (Dec) FY 17 vs FY 16	Inc / (Dec) FY 18 Conceptual vs FY 17
<b>FY 2016 Budget / FY 2017 Budget</b>	<b>\$ 2,127,916</b>	<b>\$ 2,104,394</b>
<b>Personnel Costs</b>		
Salary adjustments and pay-for-performance	31,076	34,356
Burden (benefits & employer taxes) for current staff	(42,448)	20,349
<b>Total Increase / (Decrease) in Personnel Costs</b>	<b>(11,372)</b>	<b>54,705</b>
Other, net	(12,150)	1,700
<b>Total Increase / (Decrease) in Non-Personnel Costs</b>	<b>(12,150)</b>	<b>1,700</b>
<b>Total Increase / (Decrease)</b>	<b>(23,522)</b>	<b>56,405</b>
<b>FY 2017 Budget / FY 2018 Conceptual Budget</b>	<b>\$ 2,104,394</b>	<b>\$ 2,160,798</b>

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

### FY 2016 PROGRESS REPORT

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

**PROGRESS:** The department continues to achieve cost savings through increased competition and negotiations. Contract negotiations also result in value added services operational efficiencies and cost containment for the Authority. A savings of 14% has been achieved through increased competition and a savings of 3% has been achieved through contract negotiations.

**INITIATIVE:** Pursuing revenue generation and cost control opportunities.
2. Enhance and improve customer service to the business community through education, outreach and transparency.
  - Evaluate outreach programs and business support services provided by the Authority and implement enhancements to increase small, local, veteran and disadvantaged business participation in FY 2016.
  - Document small, local, disadvantaged and disabled veteran owned business participation and track awards of subcontractors on major construction contracts achieved in FY 2016.

**PROGRESS:** New on-line tutorials are being developed, new outreach events have been planned and the team is working to develop a social media outreach platform to increase awareness of training and contracting opportunities. On February 4, 2016 over 170 attendees came to learn about opportunities with the Parking Plaza, and general bids and service opportunities at the Airport.

All of the solicitations in FY 16 document small, local, veteran and disadvantaged business participation. Outreach plans include preferences under policies 5.12 and 5.14 as applicable. During the first two quarters of FY 16; 440 new vendors registered in the Authority's Vendor Database as a result of outreach by Procurement and Small Business. 1,031 vendors have actively participated in a solicitation by downloading the opportunity; 24% are certified Small Business Enterprise (SBE)s, 45% are self-declared Local Business Enterprise (LBE)s, 6.8% are Disadvantaged Business Enterprise (DBE) certified and 2.6% are Disadvantaged Veteran Business Enterprise (DVBE) certified.

Staff meets quarterly with the Capital Improvement Program Oversight Committee to report the subcontract awards on major construction projects. The final achievements for the Rental Car Center were reported in January 2016. Local San Diego businesses won a total of \$186.2M in contract awards and Small Businesses were awarded contracts totaling \$70.4M.

Staff continues to initiate enhancements to the Small Business Compliance Program. A new Airport Concessions Disadvantaged Business Enterprise (ACDBE) compliance and monitoring program for Airport concessions was launched after 6 months of education and training. Staff is working with Concessionaires to track and document achievements as well as areas requiring improvement. The department is also working with Facilities Development to educate vendors about State registration requirements under SB854, which applies to all existing public works contracts as of January 1, 2016.

**INITIATIVE:** Develop a sustainable long-term capital plan.

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

**PROGRESS:** In collaboration with the other departments in the Finance & Asset Management Division, the Procurement and Small Business Development Department participated in the development of a program for job shadowing and training, and facilitated its implementation, which has resulted in six participants within the Division piloting the program for a six-month period which will conclude June 2016. To date, the program appears successful and will be evaluated at its conclusion for potential roll-out Authority wide.

**INITIATIVE:** Strategically engage our employees in sustainable business practices.

4. Strengthen controls and improve communication with internal customers. Success equals:
- Work with Accounting, Internal Audit, and other stakeholders to review procurement, p-card, receiving, inventory and payment procedures.
  - Recommend and implement enhancements if/when appropriate.
  - Provide additional training to Authority staff on existing policies and procedures and any modifications implemented.

**PROGRESS:**

- New procedures for verifying items not received by the warehouse have been implemented.
- New regulations and procedures manuals for the p-card program have been finalized.
- New mandatory training for p-card holders and approvers is almost complete and ready to be rolled out through LMS as part of the Authority's world class tune-up.
- An "Open House" for the Authority Warehouse is planned for April to provide training to internal staff on warehouse operations, services and sustainability efforts.
- A *Procurement 101* class is planned for May, to provide an overview of competitive procurement requirements, small business preferences and applicable Authority policies.

**INITIATIVE:** Strategically engage our employees in sustainable business practices; pursuing revenue generation and cost control opportunities.

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

### FY 2017 – FY 2018 GOALS

1. Achieve an overall cost savings of 8% through increased competition and negotiations in FY 2017. Consistently promote cost containment, value added services and operational efficiencies within the contracting process.

**INITIATIVE:** Focus on revenue generation and cost control opportunities.

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

- Evaluate outreach programs and business support services provided by the Authority and implement enhancements to increase small, local, veteran and disadvantaged business participation in FY 2017.
- Document small, local, disadvantaged and disabled veteran owned business participation and track awards of subcontractors on major construction contracts achieved in FY 2017.

**INITIATIVE:** Maintain a sustainable long-term capital plan.

3. Strengthen controls and improve communication with internal customers in FY 2017. Success equals:

- Work with Accounting and other internal stakeholders to improve contract management and the procure-to-pay process.
- Recommend and implement enhancements if/when appropriate.
- Provide additional training to Authority staff on existing policies and procedures and any modifications implemented.

**INITIATIVE:** Strategically engage our employees in sustainable business practices; focus on revenue generation and cost control opportunities.

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# **OPERATIONS DIVISION**

## OPERATIONS DIVISION

### Overview

The **OPERATIONS DIVISION** is responsible for complying with legislative mandates and operating requirements for San Diego International Airport (SAN) and the Airport Authority. These include compliance with local, state and federal laws, state and federal aviation security rules and regulations. The division frequently coordinates with regulatory agencies to accomplish the Authority's goals. The division is also responsible for meeting the safety and operational needs of the traveling public, both landside and airside, including concession operations and daily tenant interactions. The division consists of four departments with distinctly different goals and responsibilities.

The **AIRSIDE OPERATIONS, AVIATION SECURITY & PUBLIC SAFETY DEPARTMENT** oversees the myriad of daily activities occurring on the airfield and is responsible for maintaining a safe, secure environment in which the Airport's tenants can operate. The department manages these activities in accordance with federal and state regulations, local ordinances and the Airport's Rules and Regulations. Trained Duty Managers monitor conditions on the airfield and in the terminals around the clock; direct remedial action to repair inoperative systems; and summon fire, police and life safety responders to urgent situations or potential emergencies. The department also develops, administers and implements the Airport Certification Manual (ACM).

The department implements all required FAA and TSA security programs and security equipment improvements; manages the Service Level Agreement with Harbor Police; coordinates with all Homeland Security and state agencies for passenger inspection services; develops, administers and implements the Airport Security Program (ASP), Airport Emergency Plan (AEP); and ensures high level of emergency/crisis preparedness through coordination with local, state and federal agencies.

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

The **GROUND TRANSPORTATION DEPARTMENT** is responsible for operations from the terminal curb and roadways to the parking lots. There are two terminal and three remote parking lots that require shuttle bus services. The department regulates the Airport's commercial transportation service providers, including, taxicabs, shuttles, limousines and courtesy vehicles.

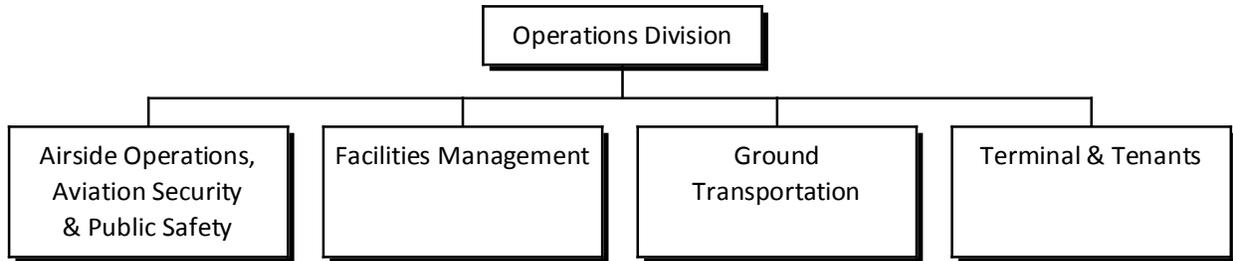
The department also:

- Manages transportation islands at Terminal 1 and Terminal 2 for travelers
- Issues permits for all ground transportation service provider vehicles
- In conjunction with the RCC bus contractor, manages the RCC busing operation
- Manages Airport parking card program for external and internal stakeholders
- Manages employee parking lots and employee shuttles

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

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

**OPERATIONS DIVISION**  
**FY 2017 – FY 2018 Organizational Structure**



**Division Personnel Summary**

	FY 2015 Budget	FY 2016 Budget	FY 2017 Budget Transfers	FY 2017 Budget New/ (Eliminated)	FY 2017 Budget	FY 2018 Budget New/ (Eliminated)	FY 2018 Conceptual Budget
<b>Operations</b>							
Terminal & Tenants	14	14	-	1	15	-	15
Aviation Security & Public Safety	11	12	-	-	12	1	13
Airside Operations	17	18	-	-	18	-	18
Ground Transportation	60	64	-	-	64	-	64
Facilities Management	83	84	-	2	86	3	89
<b>Total Authorized Positions</b>	<b>185</b>	<b>192</b>	<b>-</b>	<b>3</b>	<b>195</b>	<b>4</b>	<b>199</b>

**OPERATIONS DIVISION**  
**FY 2017 Budget – FY 2018 Conceptual Budget Expense Summary**

	FY 2015 Actuals	FY 2016 Budget	FY 2017 Budget	Inc / (Dec) FY 17 vs FY 16 Budget	% Change	FY 2018 Conceptual Budget	Inc / (Dec) FY 18 Conceptual vs FY 17 Budget	% Change
<b>Operating Expenses:</b>								
<b>Personnel Expenses</b>								
Salaries and Wages	\$ 12,509,432	\$ 13,024,805	\$ 13,764,873	\$ 740,068	5.7%	\$ 14,634,267	\$ 869,394	6.3%
Premium Overtime	735,507	529,500	494,500	(35,000)	-6.6%	494,500	-	0.0%
Employee Benefits	6,870,175	7,225,587	6,994,407	(231,180)	-3.2%	7,439,022	444,615	6.4%
Subtotal	20,115,114	20,779,892	21,253,779	473,888	2.3%	22,567,788	1,314,009	6.2%
Less: Capitalized Labor	(230,413)	(100,000)	(100,000)	-	0.0%	(100,000)	-	0.0%
Less: QHP - Labor/Burden/Labor Overhead	-	-	-	-	0.0%	-	-	0.0%
<b>Total Personnel Expenses</b>	<b>19,884,701</b>	<b>20,679,892</b>	<b>21,153,779</b>	<b>473,888</b>	<b>2.3%</b>	<b>22,467,788</b>	<b>1,314,009</b>	<b>6.2%</b>
<b>Non-Personnel Expenses</b>								
Contractual Services	23,637,803	27,054,373	32,609,493	5,555,120	20.5%	32,984,505	375,012	1.2%
Safety and Security	24,156,148	27,054,383	29,061,387	2,007,004	7.4%	29,917,194	855,807	2.9%
Space Rental	-	-	-	-	0.0%	-	-	0.0%
Utilities	9,752,401	12,696,713	12,474,338	(222,375)	-1.8%	13,180,433	706,094	5.7%
Maintenance	13,240,302	12,573,431	12,661,524	88,093	0.7%	13,378,921	717,397	5.7%
Operating Equipment & Systems	622,006	218,300	142,000	(76,300)	-35.0%	142,400	400	0.3%
Operating Supplies	300,266	262,350	252,990	(9,360)	-3.6%	249,780	(3,210)	-1.3%
Insurance	-	-	-	-	0.0%	-	-	0.0%
Employee Programs	170,078	280,050	241,735	(38,315)	-13.7%	247,735	6,000	2.5%
Business Development	541,124	525,095	121,354	(403,741)	-76.9%	148,540	27,186	22.4%
Equipment Rentals & Repairs	85,461	234,164	220,736	(13,428)	3162.4%	153,493	(67,243)	-107.4%
Tenant Improvements	-	-	-	-	0.0%	-	-	0.0%
<b>Total Non-Personnel Expenses</b>	<b>72,505,589</b>	<b>80,898,858</b>	<b>87,785,556</b>	<b>6,886,698</b>	<b>8.5%</b>	<b>90,403,000</b>	<b>2,617,444</b>	<b>3.0%</b>
<b>Total Operating Expenses</b>	<b>92,390,290</b>	<b>101,578,750</b>	<b>108,939,336</b>	<b>7,360,586</b>	<b>7.2%</b>	<b>112,870,788</b>	<b>3,931,453</b>	<b>3.6%</b>
<b>Non-Operating Expenses:</b>								
Joint Studies/Sound Attenuation	-	-	-	-	0.0%	-	-	0.0%
Debt Service	-	-	-	-	0.0%	-	-	0.0%
Legal Settlements Expense	-	-	-	-	0.0%	-	-	0.0%
<b>Total Non-Operating Expenses</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>0.0%</b>	<b>-</b>	<b>-</b>	<b>0.0%</b>
<b>Total Expenses</b>	<b>92,390,290</b>	<b>101,578,750</b>	<b>108,939,336</b>	<b>7,360,586</b>	<b>7.2%</b>	<b>112,870,788</b>	<b>3,931,453</b>	<b>3.6%</b>
Equipment Outlay	516,875	542,000	1,225,650	683,650	126.1%	1,060,500	(165,150)	-13.5%
<b>Total Operations Division Expenses</b>	<b>\$ 92,907,165</b>	<b>\$ 102,120,750</b>	<b>\$ 110,164,986</b>	<b>\$ 8,044,236</b>	<b>7.9%</b>	<b>\$ 113,931,288</b>	<b>\$ 3,766,303</b>	<b>3.4%</b>

**OPERATIONS DIVISION**  
**Major Drivers of FY 2017 Budget & FY 2018 Conceptual Budget**

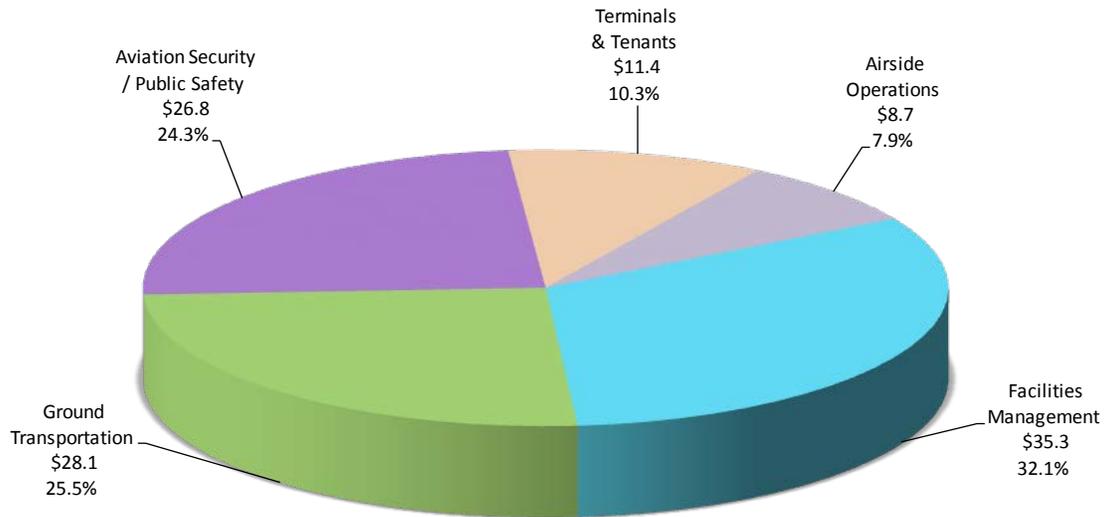
	<b>Inc / (Dec) FY 17 vs FY 16</b>	<b>Inc / (Dec) FY 18 Conceptual vs FY 17</b>
<b>FY 2016 Budget / FY 2017 Budget</b>	<b>\$ 102,120,750</b>	<b>\$ 110,164,986</b>
<b>Personnel Costs</b>		
Salary adjustments, contracted wage increases and pay-for-performance	549,827	530,802
2 New positions of Maintenance Worker I and Project Inspector (salaries & burden)	126,782	-
1 New limited position T&T Relations Specialist I (salaries & burden)	89,889	-
4 New positions of Inspector, Planner & Estimator, Communication Center Specialist, Project Manager and Contract Administrator (salaries & burden)	-	458,701
Burden (benefits & employer taxes) for current staff	(292,611)	324,506
<b>Total Increase / (Decrease) in Personnel Costs</b>	<b>473,888</b>	<b>1,314,009</b>
Rental Car Center (RCC) busing	5,963,480	(83,423)
Law enforcement costs - Harbor Police Department	901,989	546,171
Major maintenance	750,000	-
Access control system	650,000	50,000
Security guard services	420,000	60,000
Vehicle replacements	392,000	-
Hood vent maintenance for concessionaires	294,342	166,000
Airfield pavement and striping	243,000	550,000
Aircraft Rescue and Fire Fighting (ARFF) contract costs	230,158	156,862
Fuel and vehicle maintenance	(115,000)	30,000
RCS radio service	(170,068)	-
Utilities	(225,195)	706,094
Parking and shuttle operations	(350,910)	390,710
Transfer CDP marketing from Terminal & Tenants to VVE in Executive division	(400,000)	(30,000)
Integrated Pest Management transferred to Environmental Department	(958,213)	-
Other, net	(55,235)	(90,122)
<b>Total Increase / (Decrease) in Non-Personnel Costs</b>	<b>7,570,348</b>	<b>2,452,294</b>
<b>Total Increase / (Decrease)</b>	<b>8,044,236</b>	<b>3,766,303</b>
<b>FY 2017 Budget / FY 2018 Conceptual Budget</b>	<b>\$ 110,164,986</b>	<b>\$ 113,931,288</b>

**OPERATIONS DIVISION**  
**FY 2017 Expense Budget by Department**

Departments	FY 2017 Budget
Facilities Management	\$ 35,326,089
Ground Transportation	28,073,613
Aviation Security/Public Safety	26,760,600
Terminals & Tenants	11,351,770
Airside Operations	8,652,915
<b>Total <sup>(1)</sup></b>	<b><u>\$ 110,164,986</u></b>

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

*in millions*



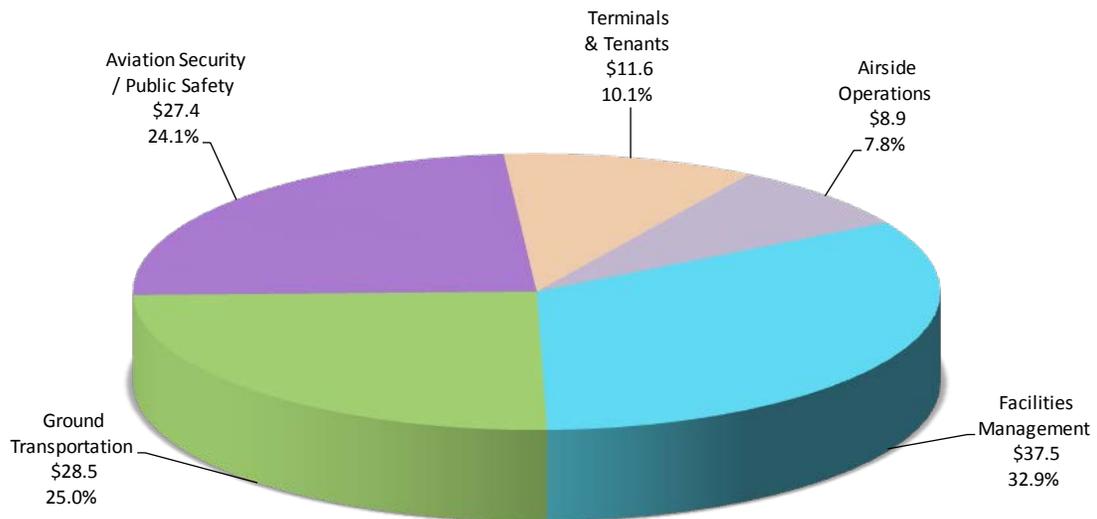
**FIGURE 35 – FY 2017 EXPENSE BUDGET BY DEPARTMENT**

**OPERATIONS DIVISION**  
**FY 2018 Expense Budget by Department**

Departments	FY 2018 Conceptual Budget
Facilities Management	\$ 37,502,555.97
Ground Transportation	28,515,280
Aviation Security/Public Safety	27,435,430
Terminals & Tenants	11,560,950
Airside Operations	8,917,072
<b>Total <sup>(1)</sup></b>	<b><u>\$ 113,931,288</u></b>

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

*in millions*

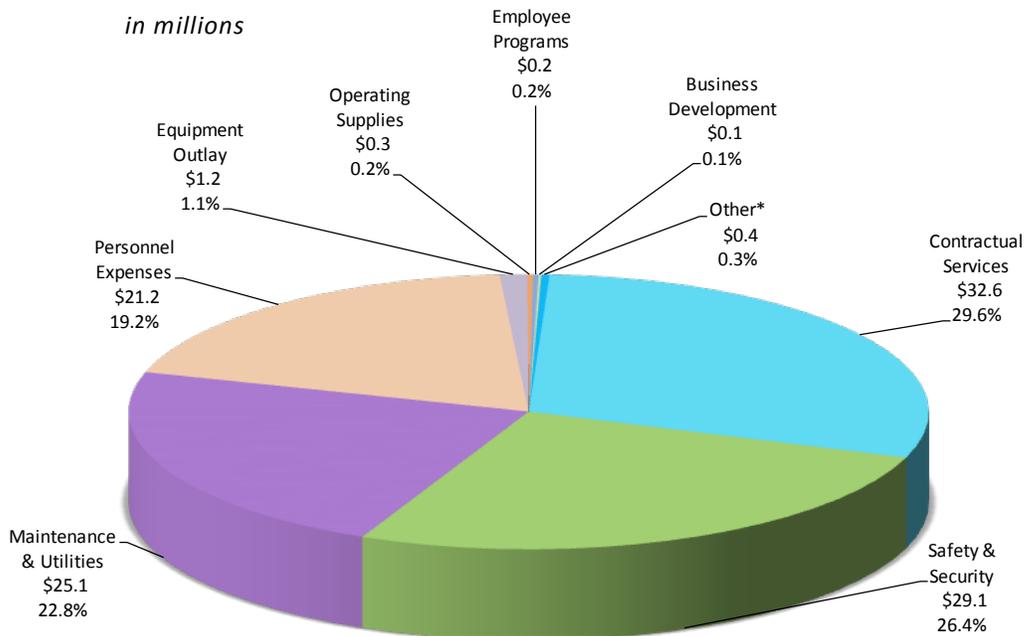


**FIGURE 36 – FY 2018 EXPENSE BUDGET BY DEPARTMENT**

**OPERATIONS DIVISION**  
**FY 2017 Expense Budget by Category**

Category	FY 2017 Budget
Contractual Services	\$ 32,609,492.54
Safety & Security	29,061,387
Maintenance & Utilities	25,135,862
Personnel Expenses	21,153,779
Equipment Outlay	1,225,650
Operating Supplies	252,990
Employee Programs	241,735
Business Development	121,354
Other*	362,736
<b>Total <sup>(1)</sup></b>	<b><u>\$ 110,164,986</u></b>

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



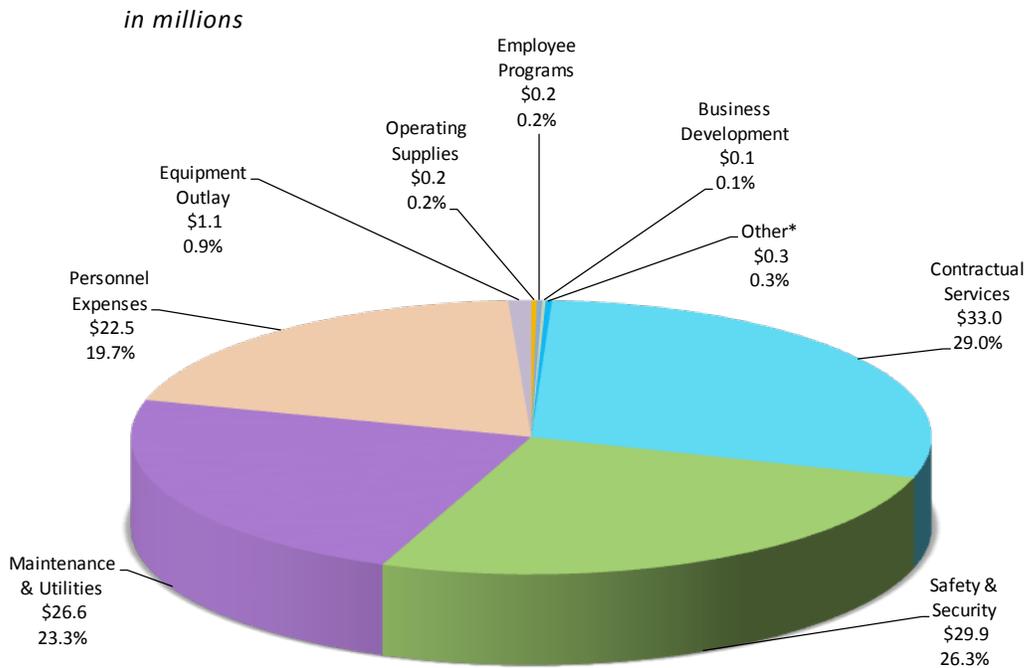
**FIGURE 37 – FY 2017 EXPENSE BUDGET BY CATEGORY**

\*Other includes: operating equipment and systems, and equipment rentals and repair.

**OPERATIONS DIVISION**  
**FY 2018 Expense Budget by Category**

Category	FY 2018 Conceptual Budget
Contractual Services	\$ 32,984,505
Safety & Security	29,917,194
Maintenance & Utilities	26,559,354
Personnel Expenses	22,467,788
Equipment Outlay	1,060,500
Operating Supplies	249,780
Employee Programs	247,735
Business Development	148,540
Other*	295,893
<b>Total <sup>(1)</sup></b>	<b><u>\$ 113,931,288</u></b>

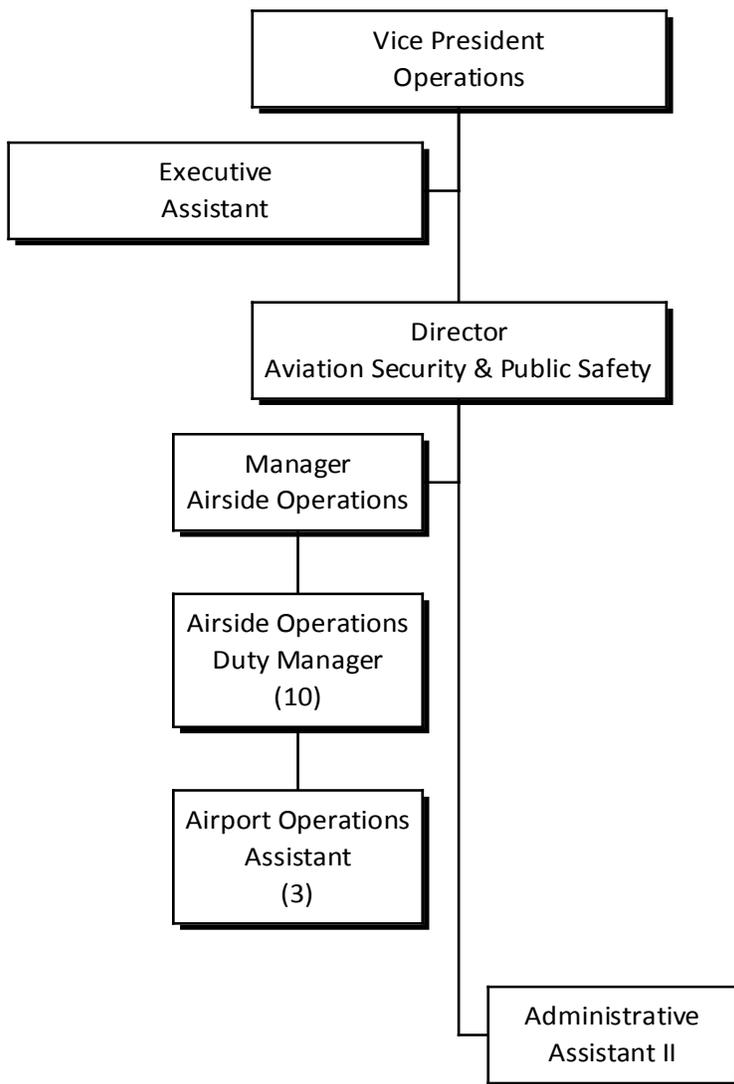
<sup>(1)</sup> Total may differ due to rounding.



**FIGURE 38 – FY 2018 EXPENSE BUDGET BY CATEGORY**

\*Other includes: operating equipment and systems, and equipment rentals and repair.

**OPERATIONS DIVISION – AIRSIDE OPERATIONS**  
**FY 2017 – FY 2018 Organizational Structure**



*No personnel changes in FY 2018.*

**OPERATIONS DIVISION – AIRSIDE OPERATIONS**  
**FY 2017 – FY 2018 Conceptual Budget Expense Summary**

	FY 2015 Actuals	FY 2016 Budget	FY 2017 Budget	Inc / (Dec) FY 17 vs FY 16 Budget	% Change	FY 2018 Conceptual Budget	Inc / (Dec) FY 18 Conceptual vs FY 17 Budget	% Change
<b>Operating Expenses:</b>								
<b>Personnel Expenses</b>								
Salaries and Wages	\$ 1,593,018	\$ 1,550,768	\$ 1,619,739	\$ 68,971	4.4%	\$ 1,668,331	\$ 48,592	3.0%
Premium Overtime	18,762	16,000	17,000	1,000	6.3%	17,000	-	0.0%
Employee Benefits	755,907	816,266	796,682	(19,584)	-2.4%	827,678	30,996	3.9%
Subtotal	2,367,687	2,383,033	2,433,421	50,387	2.1%	2,513,009	79,588	3.3%
Less: Capitalized Labor	-	-	-	-	0.0%	-	-	0.0%
Less: QHP - Labor/Burden/Labor Overhead	-	-	-	-	0.0%	-	-	0.0%
<b>Total Personnel Expenses</b>	<b>2,367,687</b>	<b>2,383,033</b>	<b>2,433,421</b>	<b>50,387</b>	<b>2.1%</b>	<b>2,513,009</b>	<b>79,588</b>	<b>3.3%</b>
<b>Non-Personnel Expenses</b>								
Contractual Services	766,958	842,000	822,000	(20,000)	-2.4%	837,000	15,000	1.8%
Safety and Security	4,224,447	4,998,620	5,228,778	230,158	4.6%	5,385,640	156,862	3.0%
Space Rental	-	-	-	-	0.0%	-	-	0.0%
Utilities	39	-	-	-	0.0%	-	-	0.0%
Maintenance	-	-	-	-	0.0%	-	-	0.0%
Operating Equipment & Systems	1,969	31,600	16,600	(15,000)	-47.5%	27,000	10,400	62.7%
Operating Supplies	11,691	11,600	11,640	40	0.3%	11,730	90	0.8%
Insurance	-	-	-	-	0.0%	-	-	0.0%
Employee Programs	41,074	47,600	45,685	(1,915)	-4.0%	46,435	750	1.6%
Business Development	56,552	29,270	26,905	(2,365)	-8.1%	27,115	210	0.8%
Equipment Rentals & Repairs	62,411	67,264	67,886	622	1.0%	69,143	1,257	2.0%
Tenant Improvements	-	-	-	-	0.0%	-	-	0.0%
<b>Total Non-Personnel Expenses</b>	<b>5,165,142</b>	<b>6,027,954</b>	<b>6,219,494</b>	<b>191,540</b>	<b>3.2%</b>	<b>6,404,063</b>	<b>184,569</b>	<b>3.0%</b>
<b>Total Operating Expenses</b>	<b>7,532,829</b>	<b>8,410,987</b>	<b>8,652,915</b>	<b>241,928</b>	<b>2.9%</b>	<b>8,917,072</b>	<b>264,157</b>	<b>3.1%</b>
<b>Non-Operating Expenses:</b>								
Joint Studies/Sound Attenuation	-	-	-	-	0.0%	-	-	0.0%
Debt Service	-	-	-	-	0.0%	-	-	0.0%
Legal Settlements Expense	-	-	-	-	0.0%	-	-	0.0%
<b>Total Non-Operating Expenses</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>0.0%</b>	<b>-</b>	<b>-</b>	<b>0.0%</b>
<b>Total Expenses</b>	<b>7,532,829</b>	<b>8,410,987</b>	<b>8,652,915</b>	<b>241,928</b>	<b>2.9%</b>	<b>8,917,072</b>	<b>264,157</b>	<b>3.1%</b>
Equipment Outlay	(645)	-	-	-	0.0%	-	-	0.0%
<b>Total Authority Expenses incl Equip Outlay</b>	<b>\$ 7,532,185</b>	<b>\$ 8,410,987</b>	<b>\$ 8,652,915</b>	<b>\$ 241,928</b>	<b>2.9%</b>	<b>\$ 8,917,072</b>	<b>\$ 264,157</b>	<b>3.1%</b>

**OPERATIONS DIVISION – AIRSIDE OPERATIONS**  
**Major Drivers of FY 2017 Budget & FY 2018 Conceptual Budget**

	Inc / (Dec) FY 17 vs FY 16	Inc / (Dec) FY 18 Conceptual vs FY 17
<b>FY 2016 Budget / FY 2017 Budget</b>	<b>\$ 8,410,987</b>	<b>\$ 8,652,915</b>
<b>Personnel Costs</b>		
Salary adjustments and pay-for-performance	69,971	48,592
Burden (benefits & employer taxes) for current staff	(19,584)	30,996
<b>Total Increase / (Decrease) in Personnel Costs</b>	<b>50,387</b>	<b>79,588</b>
Aircraft Rescue and Fire Fighting (ARFF) contract costs	230,158	156,862
Other, net	(38,618)	27,707
<b>Total Increase / (Decrease) in Non-Personnel Costs</b>	<b>191,540</b>	<b>184,569</b>
<b>Total Increase / (Decrease)</b>	<b>241,928</b>	<b>264,157</b>
<b>FY 2017 Budget / FY 2018 Conceptual Budget</b>	<b>\$ 8,652,915</b>	<b>\$ 8,917,072</b>

## OPERATIONS DIVISION – AIRSIDE OPERATIONS

### Departmental Goals

#### FY 2016 PROGRESS REPORT

1. Oversee the planning, coordination and construction activities to displace the threshold of Runway 9 an additional 300 feet and complete the ancillary runway projects (PAPI installation, paint removal and rehabilitation of Taxiway B8) that will take place during the runway hard closures between May and September of 2015.

**PROGRESS:** Project completed.

**INITIATIVE:** Strategically engage our employees in sustainable business practices.

2. Oversee the planning, coordination and construction activities to install Taxiway Juliet south of the Landmark Aviation ramp. This work will take place between April and November of 2015.

**PROGRESS:** Project completed, pending completion of minor warranty / punch-list items.

**INITIATIVE:** Strategically engage our employees in sustainable business practices.

3. Ensure that SAN is operated in compliance with FAA FAR Part 139 requirements. Success for this goal will be achieved if both: 1) the annual FAA Certification inspection does not identify any Part 139 violations that are subject to civil penalty and 2) there are no SAN airfield incidents/accidents attributed to Part 139 compliance.

**PROGRESS:** Airside Operations passed the annual inspection with no violations subject to civil penalties, nor any airfield accidents or incidents involving Part 139 compliance.

**INITIATIVE:** Strategically engage our employees in sustainable business practices.

4. The department staff will continue to participate in the ADP. Staff will participate in meetings and provide input and comments for design concepts and phasing plans. The department will focus on aircraft ground movements, aircraft parking, fueling operations, airfield vehicle service roads, ARFF facilities and equipment, as well as Part 77 and TERPS impacts.

**PROGRESS:** Staff is participating in on-going planning meetings.

**INITIATIVE:** Strategically engage our employees in sustainable business practices.

## OPERATIONS DIVISION – AIRSIDE OPERATIONS

### Departmental Goals

#### FY 2017 – FY 2018 GOALS

1. Ensure that SDIA is operated in compliance with FAA FAR Part 139 requirements. Success for this goal will be achieved if both: 1) the annual FAA Certification inspection does not identify any Part 139 violations that are subject to civil penalty, and 2) there are no SDIA airfield incidents/accidents attributed to Part 139 compliance.

**INITIATIVE:** Strategically engage our employees in sustainable business practices.

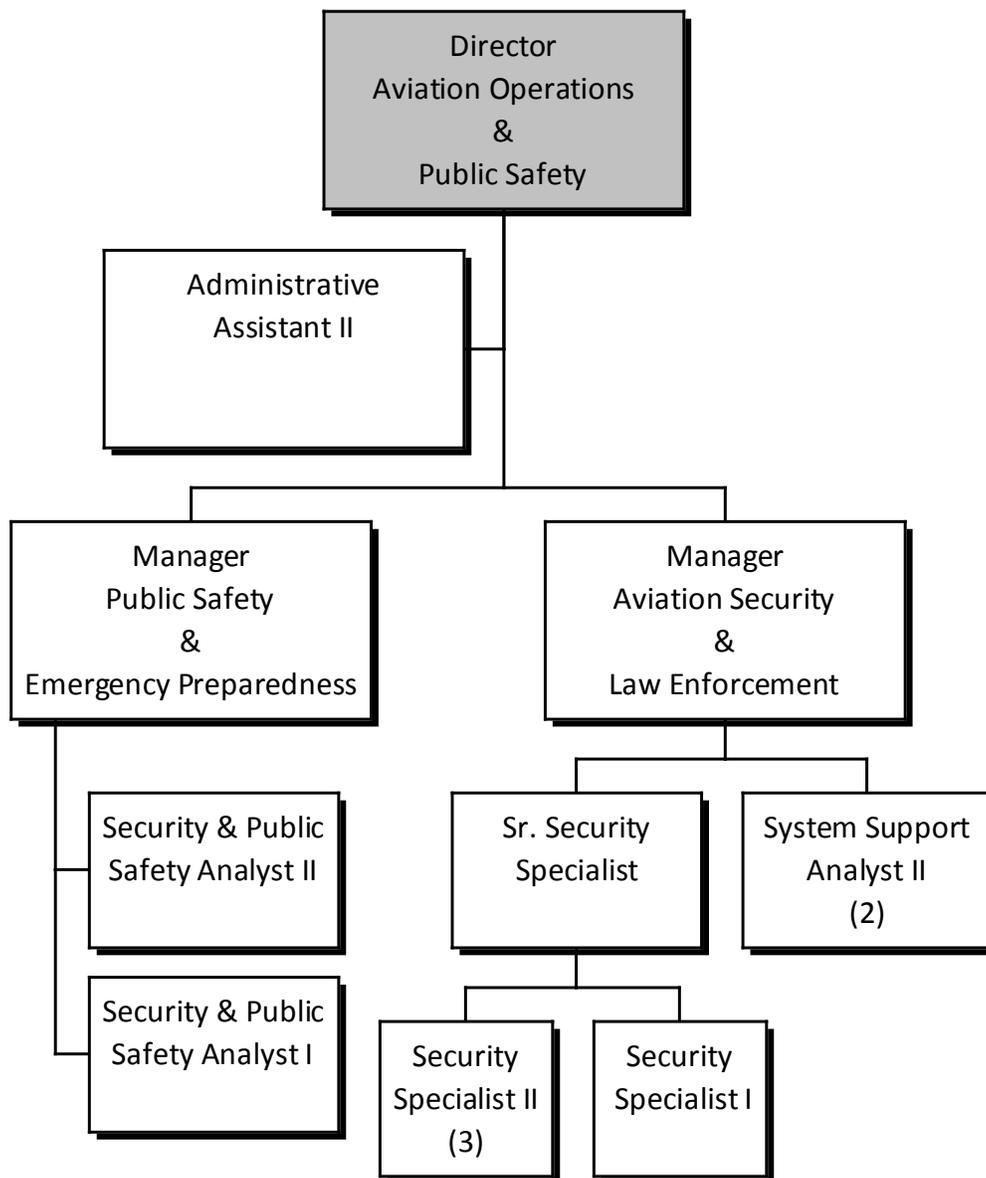
2. Oversee the planning, coordination and construction activities associated with the Taxiway Bravo Object Free Area project. This work includes the physical relocation of the vehicle service road east of Taxiway B6, Gate P-18 removal / relocation, as well as the perimeter security fence, in order to support Group V operations along the entire length of Taxiway Bravo.

**INITIATIVE:** Strategically engage our employees in sustainable business practices.

3. The department staff will continue to participate in the ADP. Staff will participate in meetings and provide input and comments for design concepts and phasing plans. The department will focus on aircraft ground movements, aircraft parking, fueling operations, airfield vehicle service roads, ARFF facilities and equipment, as well as Part 77 and TERPS impacts.

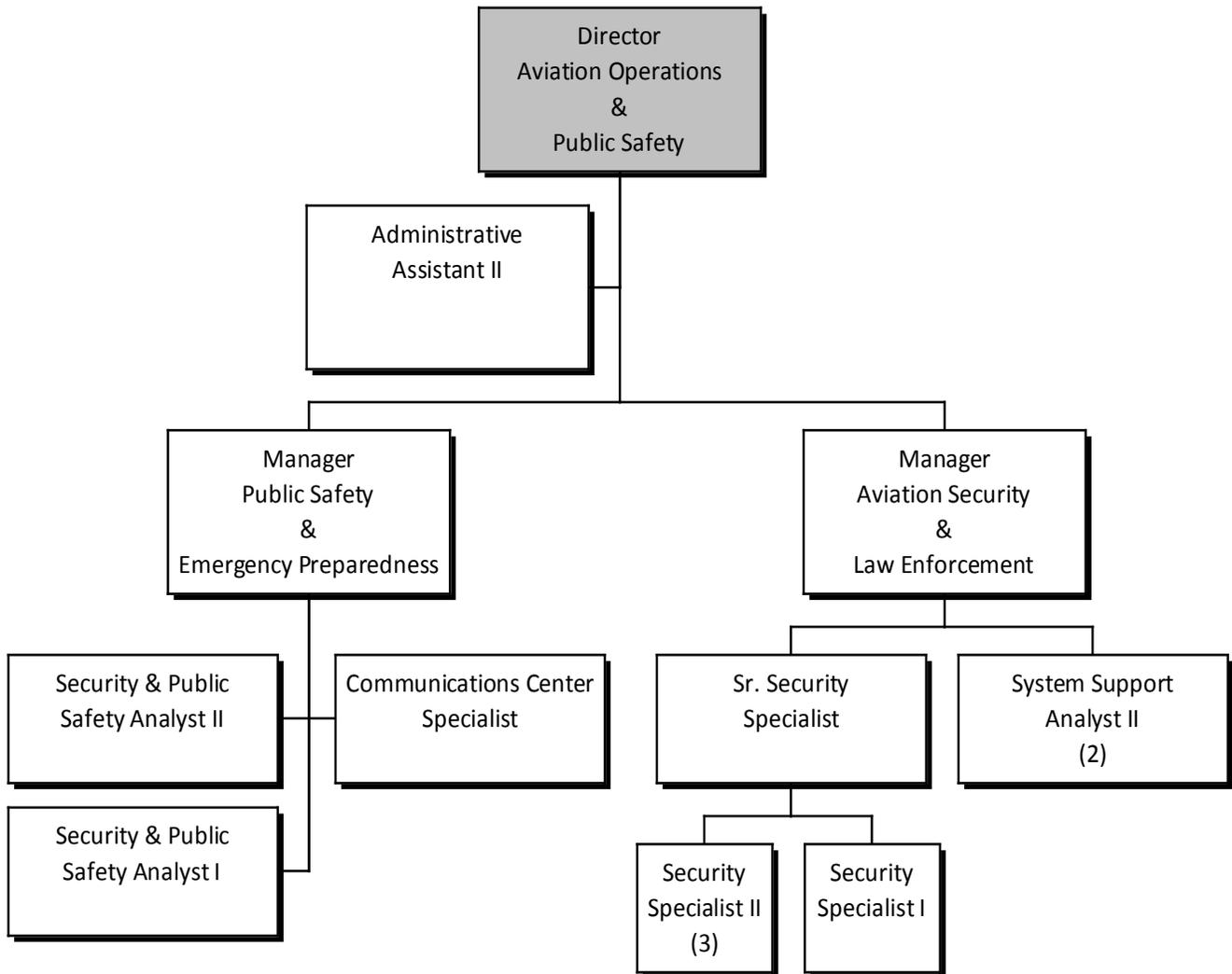
**INITIATIVE:** Strategically engage our employees in sustainable business practices.

**OPERATIONS DIVISION – AVIATION SECURITY & PUBLIC SAFETY  
2017 Organizational Structure**



*\* Position in grey resides in the Airside Operations Department and is shown for structural purposes.*

**OPERATIONS DIVISION – AVIATION SECURITY & PUBLIC SAFETY  
FY 2018 ORGANIZATIONAL STRUCTURE**



*\* Position in grey resides in the Airside Operations Department and is shown for structural purposes.*

**OPERATIONS DIVISION – AVIATION SECURITY & PUBLIC SAFETY**  
**FY 2017 Budget - FY 2018 Conceptual Budget Expense Summary**

	FY 2015 Actuals	FY 2016 Budget	FY 2017 Budget	Inc / (Dec) FY 17 vs FY 16 Budget	% Change	FY 2018 Conceptual Budget	Inc / (Dec) FY 18 Conceptual vs FY 17 Budget	% Change
<b>Operating Expenses:</b>								
<b>Personnel Expenses</b>								
Salaries and Wages	\$ 891,077	\$ 916,818	\$ 956,995	\$ 40,177	4.4%	\$ 1,050,572	\$ 93,577	9.8%
Premium Overtime	47,690	40,000	40,000	-	0.0%	40,000	-	0.0%
Employee Benefits	471,139	465,387	463,845	(1,541)	-0.3%	507,255	43,409	9.4%
Subtotal	1,409,906	1,422,205	1,460,841	38,636	2.7%	1,597,827	136,986	9.4%
Less: Capitalized Labor	-	-	-	-	0.0%	-	-	0.0%
Less: QHP - Labor/Burden/Labor Overhead	-	-	-	-	0.0%	-	-	0.0%
<b>Total Personnel Expenses</b>	<b>1,409,906</b>	<b>1,422,205</b>	<b>1,460,841</b>	<b>38,636</b>	<b>2.7%</b>	<b>1,597,827</b>	<b>136,986</b>	<b>9.4%</b>
<b>Non-Personnel Expenses</b>								
Contractual Services	452,163	756,568	645,500	(111,068)	-14.7%	579,000	(66,500)	-10.3%
Safety and Security	19,931,701	22,055,763	23,832,609	1,776,846	8.1%	24,531,553	698,944	2.9%
Space Rental	-	-	-	-	0.0%	-	-	0.0%
Utilities	-	-	-	-	0.0%	-	-	0.0%
Maintenance	-	-	-	-	0.0%	-	-	0.0%
Operating Equipment & Systems	585,398	89,000	56,000	(33,000)	-37.1%	51,000	(5,000)	-8.9%
Operating Supplies	136,121	121,200	121,200	-	0.0%	126,200	5,000	4.1%
Insurance	-	-	-	-	0.0%	-	-	0.0%
Employee Programs	17,739	38,800	28,100	(10,700)	-27.6%	28,350	250	0.9%
Business Development	41,568	11,250	8,850	(2,400)	-21.3%	38,850	30,000	339.0%
Equipment Rentals & Repairs	15,043	27,000	22,000	(5,000)	-25.0%	22,150	150	2.1%
Tenant Improvements	-	-	-	-	0.0%	-	-	0.0%
<b>Total Non-Personnel Expenses</b>	<b>21,179,734</b>	<b>23,099,581</b>	<b>24,714,259</b>	<b>1,614,678</b>	<b>7.0%</b>	<b>25,377,103</b>	<b>662,844</b>	<b>2.7%</b>
<b>Total Operating Expenses</b>	<b>22,589,640</b>	<b>24,521,786</b>	<b>26,175,100</b>	<b>1,653,314</b>	<b>6.7%</b>	<b>26,974,930</b>	<b>799,830</b>	<b>3.1%</b>
<b>Non-Operating Expenses:</b>								
Joint Studies/Sound Attenuation	-	-	-	-	0.0%	-	-	0.0%
Debt Service	-	-	-	-	0.0%	-	-	0.0%
Legal Settlements Expense	-	-	-	-	0.0%	-	-	0.0%
<b>Total Non-Operating Expenses</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>0.0%</b>	<b>-</b>	<b>-</b>	<b>0.0%</b>
<b>Total Expenses</b>	<b>22,589,640</b>	<b>24,521,786</b>	<b>26,175,100</b>	<b>1,653,314</b>	<b>6.7%</b>	<b>26,974,930</b>	<b>799,830</b>	<b>3.1%</b>
Equipment Outlay	459,693	334,000	585,500	251,500	75.3%	460,500	(125,000)	-21.3%
<b>Total Authority Expenses incl Equip Outlay</b>	<b>\$ 23,049,333</b>	<b>\$ 24,855,786</b>	<b>\$ 26,760,600</b>	<b>\$ 1,904,814</b>	<b>7.7%</b>	<b>\$ 27,435,430</b>	<b>\$ 674,830</b>	<b>2.5%</b>

**OPERATIONS DIVISION – AVIATION SECURITY & PUBLIC SAFETY**  
**Major Driver of FY 2017 Budget & FY 2018 Conceptual Budget**

	Inc / (Dec) FY 17 vs FY 16	Inc / (Dec) FY 18 Conceptual vs FY 17
<b>FY 2016 Budget / FY 2017 Budget</b>	<b>\$ 24,855,786</b>	<b>\$ 26,760,600</b>
<b>Personnel Costs</b>		
Salary adjustments and pay-for-performance	40,177	28,710
1 New position Communication Center Specialist (salaries & burden)	-	90,724
Burden (benefits & employer taxes) for current staff	(1,541)	17,552
<b>Total Increase / (Decrease) in Personnel Costs</b>	<b>38,636</b>	<b>136,986</b>
Law enforcement costs - Harbor Police Department	901,989	546,171
Access control system	650,000	50,000
Security guard services	250,000	60,000
Communication Center	170,000	-
RCS radio service	(170,068)	-
Other, net	64,257	(118,327)
<b>Total Increase / (Decrease) in Non-Personnel Costs</b>	<b>1,866,178</b>	<b>537,844</b>
<b>Total Increase / (Decrease)</b>	<b>1,904,814</b>	<b>674,830</b>
<b>FY 2017 Budget / FY 2018 Conceptual Budget</b>	<b>\$ 26,760,600</b>	<b>\$ 27,435,430</b>

## OPERATIONS DIVISION – AVIATION SECURITY & PUBLIC SAFETY

### Departmental Goals

### FY 2016 PROGRESS REPORT

1. Ensure that SAN continues to comply with all applicable federal, state and local regulations to achieve excellence in the areas of Public Safety, Emergency/Disaster Preparedness and Airport Certification by planning and conducting tabletop exercises in compliance with FAR Part 139.325(g)(4) for FY 2016 (November 2015) and FY 2017 (November 2016).

**PROGRESS:** AVSEC & PS conducted the FAR Part 139 Tabletop Exercise on October 28, 2015.

**INITIATIVE:** Strategically engage our employees in sustainable business practices.

2. Enhance Emergency/Disaster Preparedness training of Authority staff and appropriate agencies by conducting an Emergency Operations Center (EOC) Functional Exercise, to be completed by the second quarter of FY 2016.

**PROGRESS:** AVSEC & PS conducted an EOC Functional Exercise on September 30, 2015.

**INITIATIVE:** Strategically engage our employees in sustainable business practices.

3. Implement a computer-based training (CBT) for TSA security and FAA driver training programs. This new training delivery system will reduce Access Control Office (ACO) staff training time while maintaining training quality and effectiveness. Computer-based training will also allow the ACO staff to provide recurrent security training on a more regular and timely basis. The system will be implemented in the first quarter of FY 2016. Increasing the use of technology allows the staff to assume increased workloads without increasing department headcount.

**PROGRESS:** AVSEC & PS implemented CBT for security, signatory and AOA driver training programs in October 2015. Recurrent security training and movement area driver training was implemented in January 2016.

**INITIATIVE:** Strategically engage our employees in sustainable business practices; focus on revenue generation and cost control.

4. Implement a credential management system (CMS) for the Access Control Office (ACO). This system will reduce ACO staff time spent with each SAN ID badge applicant. The system will also increase efficiency in data entry and retrieval. More efficient data retrieval and reporting will reduce the amount of time that the ACO staff spends on TSA credential audits. Increasing the use of technology allows the staff to assume increased workloads without increasing department headcount.

**PROGRESS:** AVSEC & PS has developed a scope-of-work for implementation of a CMS in the ACO. Changes in TSA processing requirements have delayed this initiative; with RFP release projected for 4th QTR FY 2016 this goal will extend to FY 17.

**INITIATIVE:** Strategically engage our employees in sustainable business practices; focus on revenue generation and cost control.

## OPERATIONS DIVISION – AVIATION SECURITY & PUBLIC SAFETY

### Departmental Goals

#### FY 2017 – FY 2018 GOALS

1. Ensure that SAN continues to comply with all applicable federal, state and local regulations and achieves excellence in the areas of Public Safety, Emergency/Disaster Preparedness and Airport Certification by planning and conducting tabletop and field exercises in compliance with FAR Part 139.325(g)(4) for FY 2017 (November 2016 - Tabletop) and FY 2018 (November 2017 – Field Exercise).

**INITIATIVE:** Strategically engage our employees in sustainable business practices.

2. Enhance Emergency/Disaster Preparedness training of Authority staff and appropriate agencies by conducting an Emergency Operations Center (EOC) Functional Exercise; to be completed by the fourth quarter of FY 2017.

**INITIATIVE:** Strategically engage our employees in sustainable business practices.

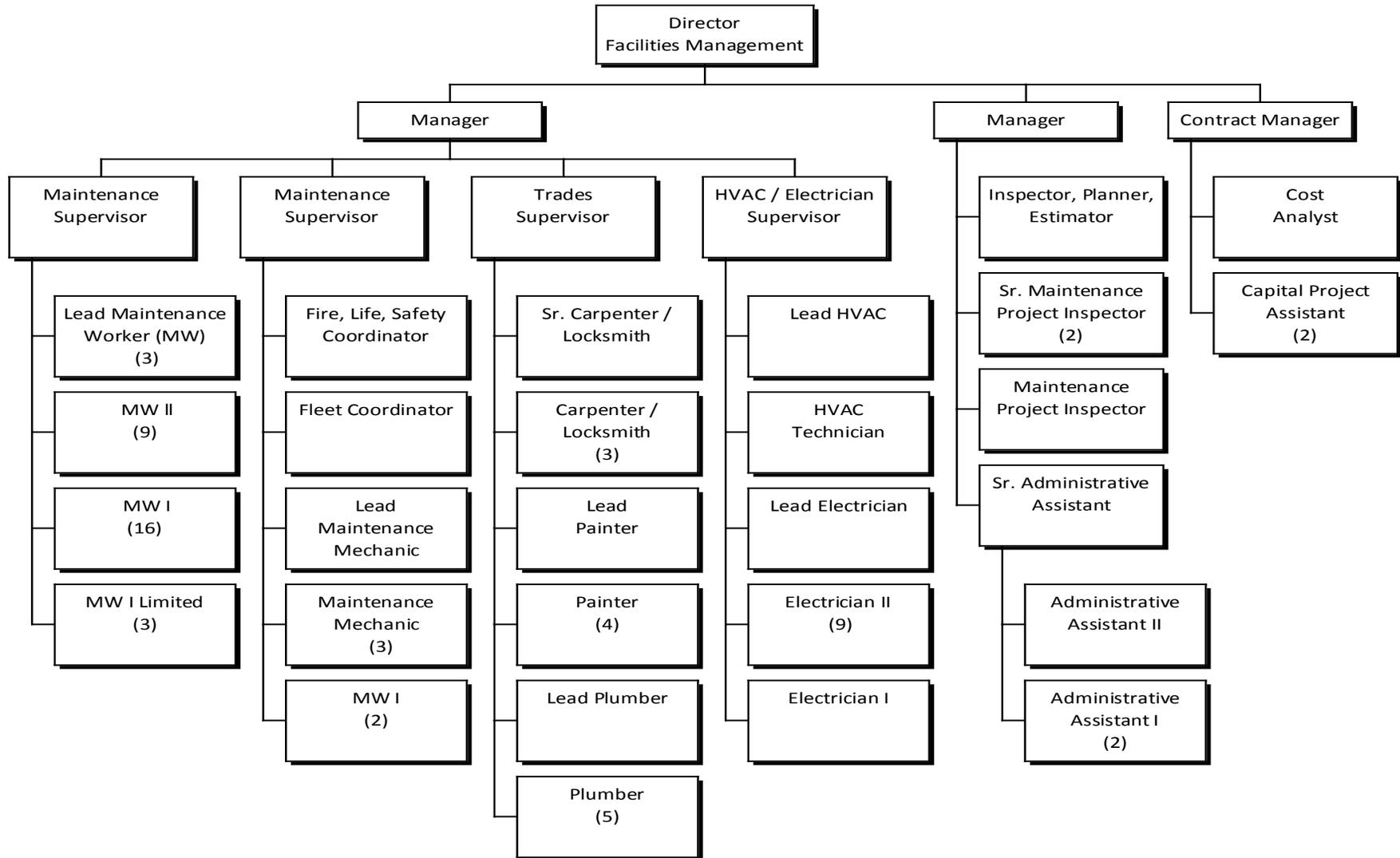
3. Continue implementation of a credential management system (CMS) for the Access Control Office (ACO). This system will reduce (ACO) staff time spent with each SAN ID badge applicant. The system will also increase efficiency in data entry and retrieval. More efficient data retrieval and reporting will reduce the amount of time that the ACO staff spends on TSA credential audits. Increasing the use of technology allows the staff to assume increased workloads without increasing department headcount.

**INITIATIVE:** Strategically engage our employees in sustainable business practices; focus on revenue generation and cost control.

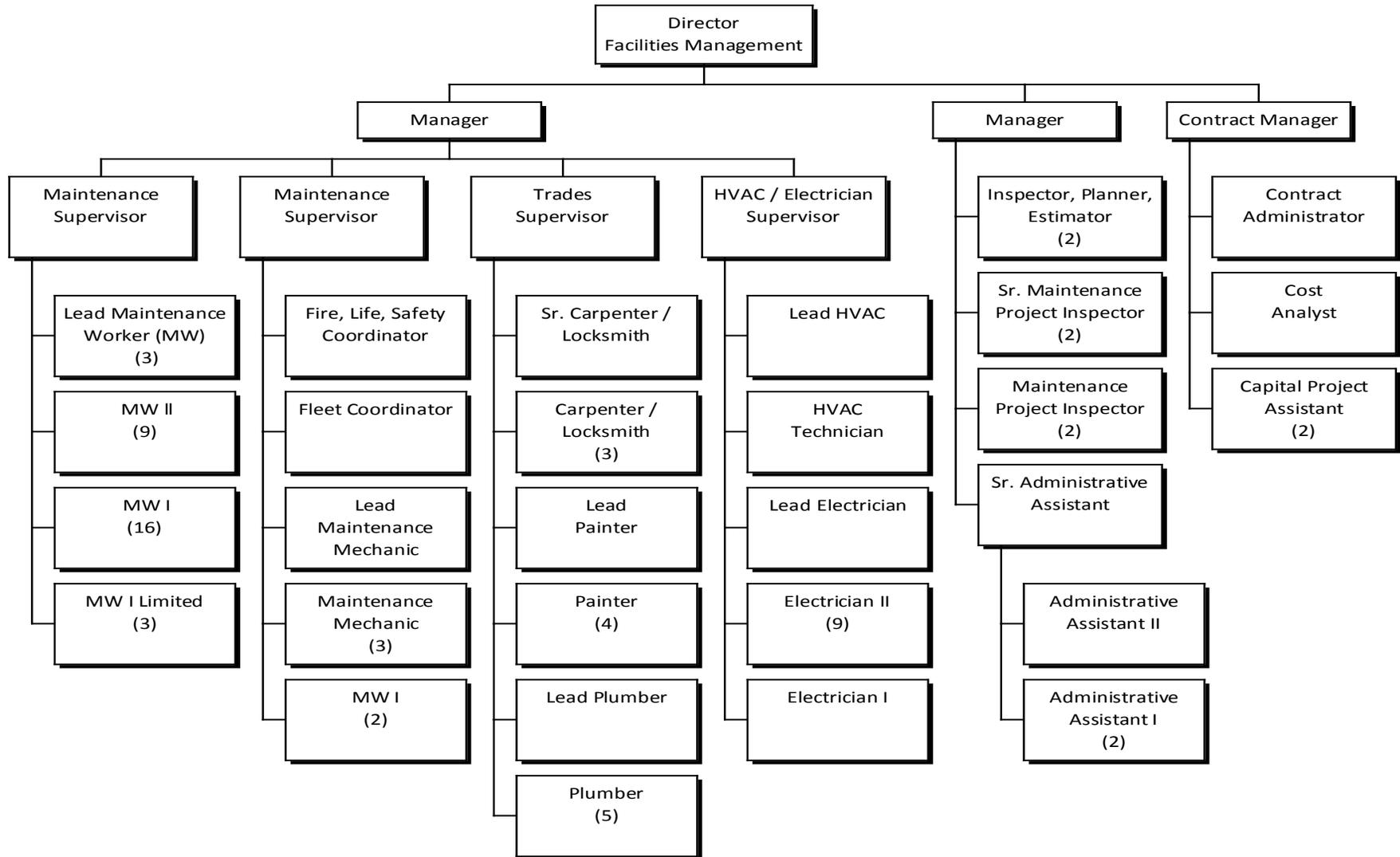
4. Enhance operational capabilities for Federal Inspections Services (FIS) activities, as well as reduce overall maintenance and downtime costs for AVSEC & PS, by upgrading the analog Video Management System in the FIS. This goal would convert outdated technology to that of the Authority's main Digital Video Management System (DVMS); providing better coverage, image capture and recoding storage.

**INITIATIVE:** Maintain a sustainable long-term capital plan; strategically engage our employees in sustainable business practices; focus on revenue generation and cost control.

**OPERATIONS DIVISION – FACILITIES MANAGEMENT**  
**FY 2017 Organizational Structure**



**OPERATIONS DIVISION – FACILITIES MANAGEMENT**  
**FY 2018 Organizational Structure**



**OPERATIONS DIVISION – FACILITIES MANAGEMENT**  
**FY 2017 Budget – FY 2018 Conceptual Budget Expense Summary**

	FY 2015 Actuals	FY 2016 Budget	FY 2017 Budget	Inc / (Dec) FY 17 vs FY 16 Budget	% Change	FY 2018 Conceptual Budget	Inc / (Dec) FY 18 Conceptual vs FY 17 Budget	% Change
<b>Operating Expenses:</b>								
<b>Personnel Expenses</b>								
Salaries and Wages	\$ 5,466,089	\$ 5,753,109	\$ 5,994,410	\$ 241,301	4.2%	\$ 6,542,270	\$ 547,861	9.1%
Premium Overtime	517,132	427,500	387,500	(40,000)	-9.4%	387,500	-	0.0%
Employee Benefits	3,076,615	3,195,210	3,058,312	(136,898)	-4.3%	3,309,427	251,115	8.2%
Subtotal	9,059,837	9,375,819	9,440,222	64,403	0.7%	10,239,197	798,976	8.5%
Less: Capitalized Labor	(230,413)	(100,000)	(100,000)	-	0.0%	(100,000)	-	0.0%
Less: QHP - Labor/Burden/Labor Overhead	-	-	-	-	0.0%	-	-	0.0%
<b>Total Personnel Expenses</b>	<b>8,829,423</b>	<b>9,275,819</b>	<b>9,340,222</b>	<b>64,403</b>	<b>0.7%</b>	<b>10,139,197</b>	<b>798,976</b>	<b>8.6%</b>
<b>Non-Personnel Expenses</b>								
Contractual Services	1,165,405	85,000	50,000	(35,000)	-41.2%	20,000	(30,000)	-60.0%
Safety and Security	-	-	-	-	0.0%	-	-	0.0%
Space Rental	-	-	-	-	0.0%	-	-	0.0%
Utilities	9,749,042	12,696,563	12,471,368	(225,195)	-1.8%	13,177,463	706,094	5.7%
Maintenance	13,240,302	12,573,431	12,661,524	88,093	0.7%	13,378,921	717,397	5.7%
Operating Equipment & Systems	18,939	15,000	15,000	-	0.0%	15,000	-	0.0%
Operating Supplies	75,525	59,850	65,050	5,200	8.7%	65,050	-	0.0%
Insurance	-	-	-	-	0.0%	-	-	0.0%
Employee Programs	46,677	76,500	81,200	4,700	6.1%	86,200	5,000	6.2%
Business Development	9,593	6,425	7,425	1,000	15.6%	7,425	-	0.0%
Equipment Rentals & Repairs	(13,948)	12,300	34,300	22,000	-44.4%	13,300	(21,000)	-80.8%
Tenant Improvements	-	-	-	-	0.0%	-	-	0.0%
<b>Total Non-Personnel Expenses</b>	<b>24,291,535</b>	<b>25,525,069</b>	<b>25,385,867</b>	<b>(139,202)</b>	<b>-0.5%</b>	<b>26,763,359</b>	<b>1,377,492</b>	<b>5.4%</b>
<b>Total Operating Expenses</b>	<b>33,120,958</b>	<b>34,800,888</b>	<b>34,726,089</b>	<b>(74,799)</b>	<b>-0.2%</b>	<b>36,902,556</b>	<b>2,176,467</b>	<b>6.3%</b>
<b>Non-Operating Expenses:</b>								
Joint Studies/Sound Attenuation	-	-	-	-	0.0%	-	-	0.0%
Debt Service	-	-	-	-	0.0%	-	-	0.0%
Legal Settlements Expense	-	-	-	-	0.0%	-	-	0.0%
<b>Total Non-Operating Expenses</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>0.0%</b>	<b>-</b>	<b>-</b>	<b>0.0%</b>
<b>Total Expenses</b>	<b>33,120,958</b>	<b>34,800,888</b>	<b>34,726,089</b>	<b>(74,799)</b>	<b>-0.2%</b>	<b>36,902,556</b>	<b>2,176,467</b>	<b>6.3%</b>
Equipment Outlay	57,827	208,000	600,000	392,000	188.5%	600,000	-	0.0%
<b>Total Authority Expenses incl Equip Outlay</b>	<b>\$ 33,178,785</b>	<b>\$ 35,008,888</b>	<b>\$ 35,326,089</b>	<b>\$ 317,201</b>	<b>0.9%</b>	<b>\$ 37,502,556</b>	<b>\$ 2,176,467</b>	<b>6.2%</b>

**OPERATIONS DIVISION – FACILITIES MANAGEMENT**  
**Major Drivers of FY 2017 Budget – FY 2018 Conceptual Budget**

	Inc / (Dec) FY 17 vs FY 16	Inc / (Dec) FY 18 Conceptual vs FY 17
<b>FY 2016 Budget / FY 2017 Budget</b>	<b>\$ 35,008,888</b>	<b>\$ 35,326,089</b>
<b>Personnel Costs</b>		
2 New positions of Maintenance Worker I and Project Inspector (salaries & burden)	126,782	-
Salary adjustments, contracted wage increases and pay-for-performance	110,927	274,136
3 New positions of Inspector, Planner & Estimator, Project Manager & Contract Administrator (salaries & burden)	-	367,977
Burden (benefits & employer taxes) for current staff	(173,306)	156,863
<b>Total Increase / (Decrease) in Personnel Costs</b>	<b>64,403</b>	<b>798,976</b>
Major maintenance	750,000	-
Vehicle replacements	392,000	-
Airfield pavement and striping	243,000	550,000
Fuel and vehicle maintenance	(115,000)	30,000
Utilities	(225,195)	706,094
Integrated Pest Management transferred to Environmental Department	(958,213)	-
Other, net	166,206	91,397
<b>Total Increase / (Decrease) in Non-Personnel Costs</b>	<b>252,798</b>	<b>1,377,492</b>
<b>Total Increase / (Decrease)</b>	<b>317,201</b>	<b>2,176,467</b>
<b>FY 2017 Budget / FY 2018 Conceptual Budget</b>	<b>\$ 35,326,089</b>	<b>\$ 37,502,556</b>

## OPERATIONS DIVISION – FACILITIES MANAGEMENT

### Departmental Goals

### FY 2016 PROGRESS REPORT

1. During Fiscal Year 2016 the Facilities Management Department (FMD) is planning to implement a Computerized Maintenance Management System (CMMS). The CMMS consists of an advanced software package that enhances the existing E-1 system, allowing FMD to manage the maintenance of equipment and facilities in a more efficient and sustainable process. This CMMS enhancement should improve productivity, lower overall operating costs and store valuable information about maintenance functions at the Airport.

**PROGRESS:** FMD enlisted a consultant (Denovo) on November 1, 2015 to evaluate our current status of E1 and to improve functionality utilizing a three phase approach. Phase 1 was completed on January 4, 2016, which included the development of a work-order case management data base. Phases 2 and 3 will include new work flow structure and asset upload identified by the Facilities Condition Assessment. Phase 2 and 3 will enable FMD employees to generate CMMS reporting and data metrics.

**INITIATIVE:** Develop a sustainable long-term capital plan; focus on revenue generation and cost control; strategically engage our employees in sustainable business practices.

2. During Fiscal Year 2016 FMD will be conducting a Facility Condition Assessment (FCA) for all of our buildings. The FCA will document the conditions of the facilities and estimate the costs of needed repairs and renovations. Other benefits of the FCA include the ability to forecast facility conditions and funding scenarios and maintain data in a system that allows users to develop future budgets.

**PROGRESS:** FMD engaged the services of consultant, Faithful Gould, to execute a Facilities Condition Assessment (FCA). Work is in progress with a May 13, 2016 completion date. The FCA will provide a list of assets for the CMMS system preventative maintenance program and a 10-year forecasted expenditure for Major Maintenance and Capital Replacement costs.

**INITIATIVE:** Develop a sustainable long-term capital plan; focus on revenue generation and cost control; strategically engage our employees in sustainable business practices.

## OPERATIONS DIVISION – FACILITIES MANAGEMENT

### Departmental Goals

#### FY 2017 – FY 2018 GOALS

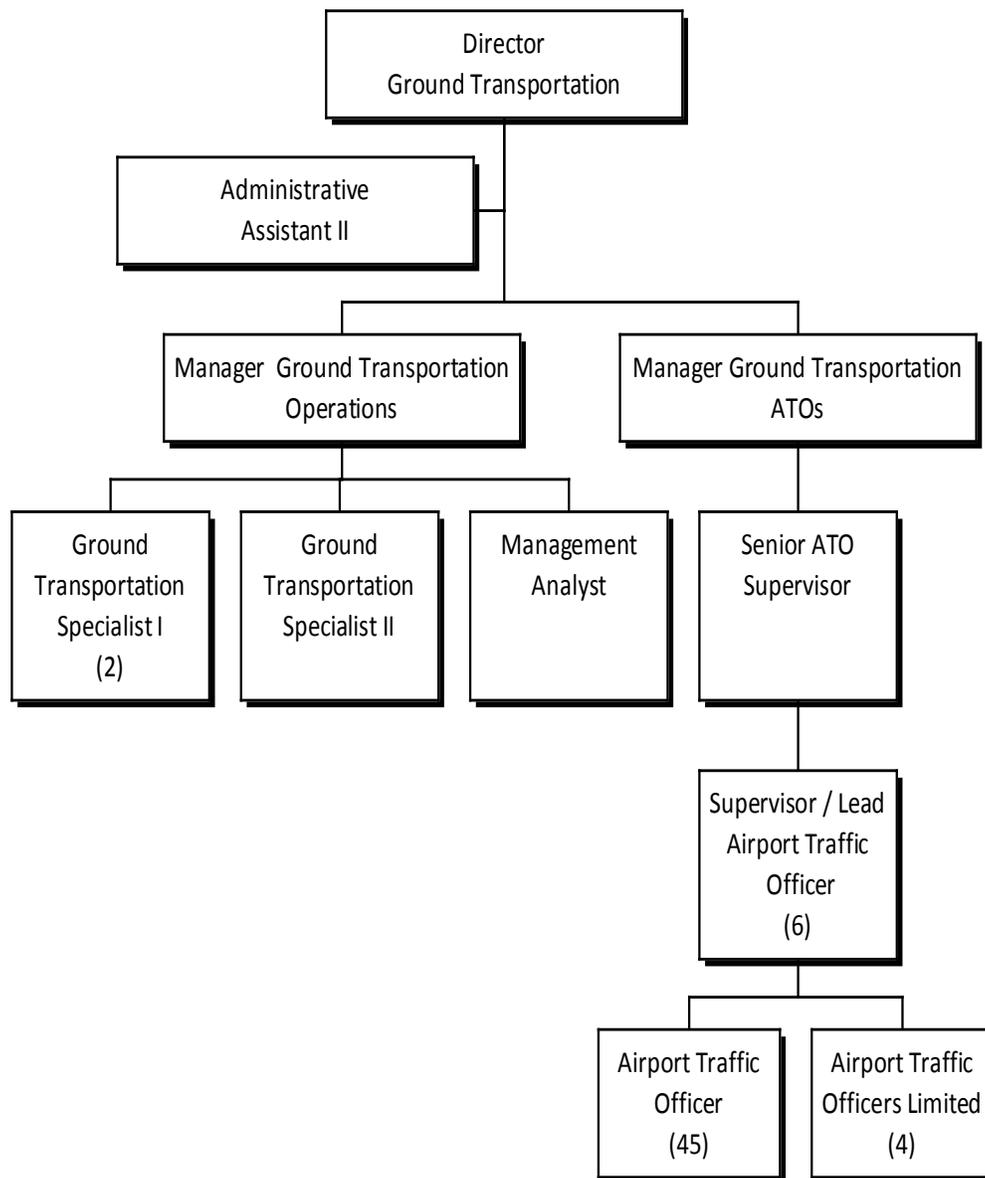
1. Continuing on its FY 2016 goal to implement a Computerized Maintenance Management System (CMMS) and the completion of Phase 1 (development of a work order Case Management data base), FMD is executing Phase 2 and 3 of the CMMS enhancements. This includes enhanced timekeeping process, structured work flow integration and preventive maintenance scheduling improvements.

**INITIATIVE:** Maintain a sustainable long-term capital plan; focus on revenue generation and cost control; strategically engage our employees in sustainable business practices.

2. FMD is developing a Work Management Center to provide a higher level of customer service and increased efficiency in operations. Efforts will increase communications on work order status.

**INITIATIVE:** Maintain a sustainable long-term capital plan, focus on revenue generation and cost control; strategically engage our employees in sustainable business practices.

**OPERATIONS DIVISION – GROUND TRANSPORTATION  
FY 2017 – FY 2018 Organizational Structure**



*No personnel changes in FY 2018.*

**OPERATIONS DIVISION – GROUND TRANSPORTATION**  
**FY 2017 Budget - FY 2018 Conceptual Budget Expense Summary**

	FY 2015 Actuals	FY 2016 Budget	FY 2017 Budget	Inc / (Dec) FY 17 vs FY 16 Budget	% Change	FY 2018 Conceptual Budget	Inc / (Dec) FY 18 Conceptual vs FY 17 Budget	% Change
<b>Operating Expenses:</b>								
<b>Personnel Expenses</b>								
Salaries and Wages	\$ 3,465,806	\$ 3,686,684	\$ 3,846,644	\$ 159,961	4.3%	\$ 3,986,344	\$ 139,700	3.6%
Premium Overtime	151,923	46,000	50,000	4,000	8.7%	50,000	-	0.0%
Employee Benefits	2,023,272	2,162,119	2,067,260	(94,859)	-4.4%	2,163,065	95,804	4.6%
Subtotal	5,641,001	5,894,802	5,963,904	69,102	1.2%	6,199,409	235,504	3.9%
Less: Capitalized Labor	-	-	-	-	0.0%	-	-	0.0%
Less: QHP - Labor/Burden/Labor Overhead	-	-	-	-	0.0%	-	-	0.0%
<b>Total Personnel Expenses</b>	<b>5,641,001</b>	<b>5,894,802</b>	<b>5,963,904</b>	<b>69,102</b>	<b>1.2%</b>	<b>6,199,409</b>	<b>235,504</b>	<b>3.9%</b>
<b>Non-Personnel Expenses</b>								
Contractual Services	12,513,090	16,300,794	21,857,164	5,556,370	34.1%	22,164,451	307,287	1.4%
Safety and Security	-	-	-	-	0.0%	-	-	0.0%
Space Rental	-	-	-	-	0.0%	-	-	0.0%
Utilities	3,207	-	2,820	2,820	0.0%	2,820	-	0.0%
Maintenance	-	-	-	-	0.0%	-	-	0.0%
Operating Equipment & Systems	5,809	7,000	14,400	7,400	105.7%	9,400	(5,000)	-34.7%
Operating Supplies	59,179	55,800	41,800	(14,000)	-25.1%	33,500	(8,300)	-19.9%
Insurance	-	-	-	-	0.0%	-	-	0.0%
Employee Programs	47,712	70,450	48,800	(21,650)	-30.7%	48,800	-	0.0%
Business Development	20,901	15,500	14,024	(1,476)	-9.5%	14,000	(24)	-0.2%
Equipment Rentals & Repairs	16,355	121,500	90,550	(30,950)	-25.5%	42,900	(47,650)	-52.6%
Tenant Improvements	-	-	-	-	0.0%	-	-	0.0%
<b>Total Non-Personnel Expenses</b>	<b>12,666,253</b>	<b>16,571,044</b>	<b>22,069,558</b>	<b>5,498,514</b>	<b>33.2%</b>	<b>22,315,871</b>	<b>246,313</b>	<b>1.1%</b>
<b>Total Operating Expenses</b>	<b>18,307,254</b>	<b>22,465,846</b>	<b>28,033,463</b>	<b>5,567,616</b>	<b>24.8%</b>	<b>28,515,280</b>	<b>481,817</b>	<b>1.7%</b>
<b>Non-Operating Expenses:</b>								
Joint Studies/Sound Attenuation	-	-	-	-	0.0%	-	-	0.0%
Debt Service	-	-	-	-	0.0%	-	-	0.0%
Legal Settlements Expense	-	-	-	-	0.0%	-	-	0.0%
<b>Total Non-Operating Expenses</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>0.0%</b>	<b>-</b>	<b>-</b>	<b>0.0%</b>
<b>Total Expenses</b>	<b>18,307,254</b>	<b>22,465,846</b>	<b>28,033,463</b>	<b>5,567,616</b>	<b>24.8%</b>	<b>28,515,280</b>	<b>481,817</b>	<b>1.7%</b>
Equipment Outlay	-	-	40,150	40,150	0.0%	-	(40,150)	-100.0%
<b>Total Authority Expenses incl Equip Outlay</b>	<b>\$ 18,307,254</b>	<b>\$ 22,465,846</b>	<b>\$ 28,073,613</b>	<b>\$ 5,607,766</b>	<b>25.0%</b>	<b>\$ 28,515,280</b>	<b>\$ 441,667</b>	<b>1.6%</b>

**OPERATIONS DIVISION – GROUND TRANSPORTATION**  
**Major Drivers of FY 2017 Budget & FY 2018 Conceptual Budget**

	<b>Inc / (Dec) FY 17 vs FY 16</b>	<b>Inc / (Dec) FY 18 Conceptual vs FY 17</b>
<b>FY 2016 Budget / FY 2017 Budget</b>	<b>\$ 22,465,846</b>	<b>\$ 28,073,613</b>
<b>Personnel Costs</b>		
Salary adjustments, contracted wage increases and pay-for-performance	163,961	139,700
Burden (benefits & employer taxes) for current staff	(94,859)	95,804
<b>Total Increase / (Decrease) in Personnel Costs</b>	<b>69,102</b>	<b>235,504</b>
Rental Car Center (RCC) busing	5,963,480	(83,423)
Parking and shuttle operations	(350,910)	390,710
Other, net	(73,906)	(101,124)
<b>Total Increase / (Decrease) in Non-Personnel Costs</b>	<b>5,538,664</b>	<b>206,163</b>
<b>Total Increase / (Decrease)</b>	<b>5,607,766</b>	<b>441,667</b>
<b>FY 2017 Budget / FY 2018 Conceptual Budget</b>	<b>\$ 28,073,613</b>	<b>\$ 28,515,280</b>

## OPERATIONS DIVISION – GROUND TRANSPORTATION Departmental Goals

### FY 2016 PROGRESS REPORT

1. Through June 30, 2016, implement and manage the Transportation Network Company (TNC) Pilot Program to ensure the desired level of customer service is provided, that operational efficiency is attained, Airport trip fees are fully accounted for and that required records and data are compliant with the Airport permit.

**PROGRESS:** TNC Update provided to Board - January 2016; TNC trips and cost recovery fees for FY 16 (month over month) continue to increase (53K trips in January); All TNC pickups are done in terminal parking lots; recent Office of Chief Auditor (OCA) audit reveals that all required records and data are compliant with the Airport permit.

**INITIATIVE:** Focus on revenue generation and cost control.

2. Through June 30, 2016, ensure the effective and efficient planning, startup and implementation of RCC Bus Operations by working closely with the RCC Bus contractor to define the requisite bus operating procedures, parameters and customer service standards.

**PROGRESS:** RCC bus operations started January 20, 2016; Customer wait times occasionally exceed the five (5) minute requirement during a 10am – 1pm daily window; wait time analysis and corrective actions are underway to address the unacceptable wait times; additional bus capacity is being considered to address the customer service shortfalls.

**INITIATIVE:** Focus on revenue generation and cost control.

3. Through June 30, 2016, fulfill commitments and manage compliance with the *Taxicab and VFH Memorandum of Agreement (MOA)* including Vehicle for Hire (VFH) and Customer Service Representative (CSR) transition, ground transportation technology, infrastructure improvements and trip fee transitions.

**PROGRESS:** Taxicab and VFH Consortiums meet every other month to review operational issues, customer service, technology upgrades and other key challenges. Taxicab passenger wait times and instances of taxicab shortages have been reduced significantly; Taxicab, VFH and Off-Airport Parking operators have transitioned from a Permit Fee to Electronic Trip Fee collection.

**INITIATIVE:** Focus on revenue generation and cost control.

4. By August 2015, replace the currently in-use, but outdated, ticket issuing devices with newer software and hardware technology to reduce equipment's maintenance and operating costs, eliminate citation errors and enhance ATO productivity.

**PROGRESS:** Ticket issuing devices will be replaced by June 2016.

**INITIATIVE:** Focus on revenue generation and cost control.

## **OPERATIONS DIVISION – GROUND TRANSPORTATION**

### **Departmental Goals**

#### **FY 2017 – FY 2018 GOALS**

1. RCC Bus Operation – implement and improve Rental Car Bus transit to minimize customer wait times, provide the highest level of customer service and ensure overall operational efficiency.

**INITIATIVE:** Focus on revenue generation and cost control.

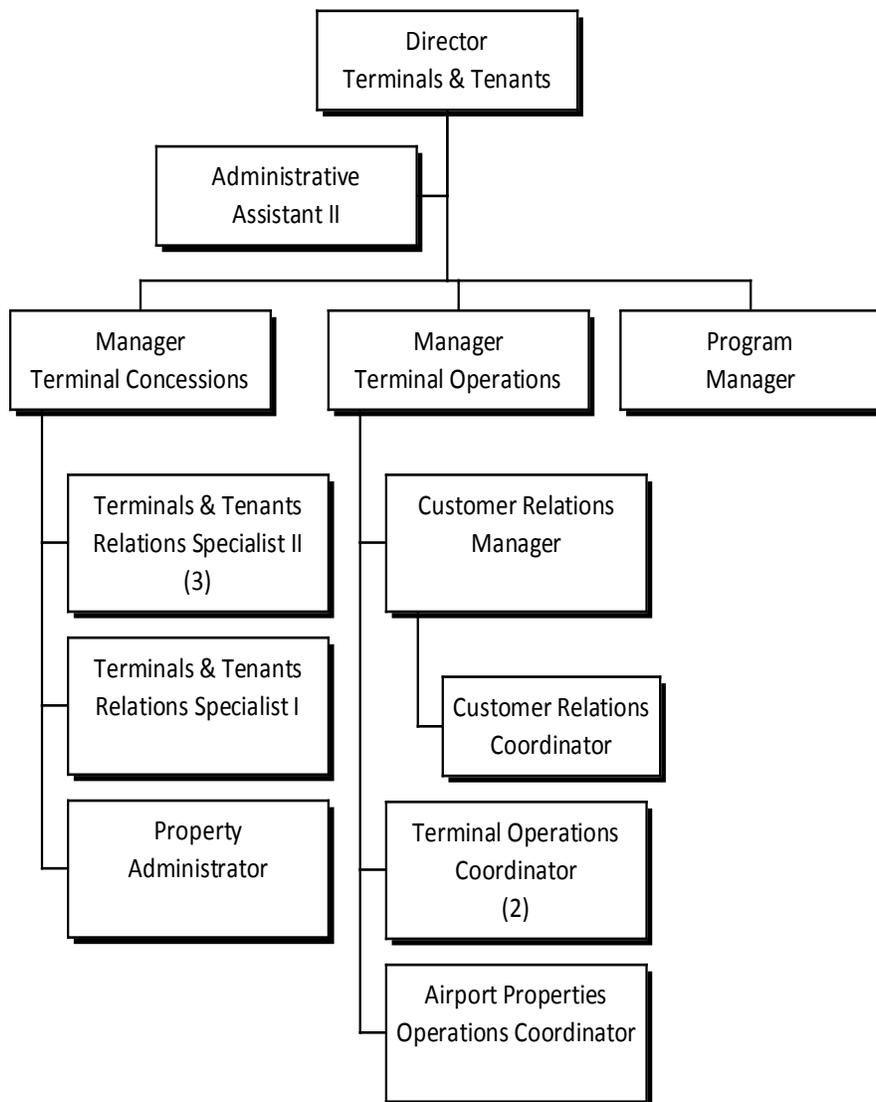
2. Transition the Airport’s Taxicab and VFH Hold Lot operation to the newly constructed location and implement, with successful implementation of automated dispatch system.

**INITIATIVE:** Focus on revenue generation and cost control.

3. Successfully manage the closure of the T2 parking lot and minimize the loss of parking patrons and revenues through new and customer-oriented parking programs.

**INITIATIVE:** Focus on revenue generation and cost control.

**OPERATIONS DIVISION – TERMINALS & TENANTS**  
**FY 2017 – FY 2018 Organizational Structure**



*No personnel changes in FY 2018.*

**OPERATIONS DIVISION –TERMINALS & TENANTS**  
**FY 2017 Budget - FY 2018 Conceptual Budget Expense Summary**

	FY 2015 Actuals	FY 2016 Budget	FY 2017 Budget	Inc / (Dec) FY 17 vs FY 16 Budget	% Change	FY 2018 Conceptual Budget	Inc / (Dec) FY 18 Conceptual vs FY 17 Budget	% Change
<b>Operating Expenses:</b>								
<b>Personnel Expenses</b>								
Salaries and Wages	\$ 1,093,441	\$ 1,117,427	\$ 1,347,085	\$ 229,658	20.6%	\$ 1,386,749	\$ 39,664	2.9%
Premium Overtime	-	-	-	-	0.0%	-	-	0.0%
Employee Benefits	543,241	586,606	608,307	21,701	3.7%	631,598	23,291	3.8%
Subtotal	1,636,682	1,704,032	1,955,392	251,359	14.8%	2,018,347	62,955	3.2%
Less: Capitalized Labor	-	-	-	-	0.0%	-	-	0.0%
Less: QHP - Labor/Burden/Labor Overhead	-	-	-	-	0.0%	-	-	0.0%
<b>Total Personnel Expenses</b>	<b>1,636,682</b>	<b>1,704,032</b>	<b>1,955,392</b>	<b>251,359</b>	<b>14.8%</b>	<b>2,018,347</b>	<b>62,955</b>	<b>3.2%</b>
<b>Non-Personnel Expenses</b>								
Contractual Services	8,740,188	9,070,011	9,234,828	164,818	1.8%	9,384,053	149,225	1.6%
Safety and Security	-	-	-	-	0.0%	-	-	0.0%
Space Rental	-	-	-	-	0.0%	-	-	0.0%
Utilities	114	150	150	-	0.0%	150	-	0.0%
Maintenance	-	-	-	-	0.0%	-	-	0.0%
Operating Equipment & Systems	9,890	75,700	40,000	(35,700)	-47.2%	40,000	-	0.0%
Operating Supplies	17,749	13,900	13,300	(600)	-4.3%	13,300	-	0.0%
Insurance	-	-	-	-	0.0%	-	-	0.0%
Employee Programs	16,875	46,700	37,950	(8,750)	-18.7%	37,950	-	0.0%
Business Development	412,510	462,650	64,150	(398,500)	-86.1%	61,150	(3,000)	-4.7%
Equipment Rentals & Repairs	5,600	6,100	6,000	(100)	-200.0%	6,000	-	0.0%
Tenant Improvements	-	-	-	-	0.0%	-	-	0.0%
<b>Total Non-Personnel Expenses</b>	<b>9,202,925</b>	<b>9,675,211</b>	<b>9,396,378</b>	<b>(278,832)</b>	<b>-2.9%</b>	<b>9,542,603</b>	<b>146,225</b>	<b>1.6%</b>
<b>Total Operating Expenses</b>	<b>10,839,608</b>	<b>11,379,243</b>	<b>11,351,770</b>	<b>(27,473)</b>	<b>-0.2%</b>	<b>11,560,950</b>	<b>209,180</b>	<b>1.8%</b>
<b>Non-Operating Expenses:</b>								
Joint Studies/Sound Attenuation	-	-	-	-	0.0%	-	-	0.0%
Debt Service	-	-	-	-	0.0%	-	-	0.0%
Legal Settlements Expense	-	-	-	-	0.0%	-	-	0.0%
<b>Total Non-Operating Expenses</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>0.0%</b>	<b>-</b>	<b>-</b>	<b>0.0%</b>
<b>Total Expenses</b>	<b>10,839,608</b>	<b>11,379,243</b>	<b>11,351,770</b>	<b>(27,473)</b>	<b>-0.2%</b>	<b>11,560,950</b>	<b>209,180</b>	<b>1.8%</b>
Equipment Outlay	-	-	-	-	0.0%	-	-	0.0%
<b>Total Authority Expenses incl Equip Outlay</b>	<b>\$ 10,839,608</b>	<b>\$ 11,379,243</b>	<b>\$ 11,351,770</b>	<b>\$ (27,473)</b>	<b>-0.2%</b>	<b>\$ 11,560,950</b>	<b>\$ 209,180</b>	<b>1.8%</b>

**OPERATIONS DIVISION –TERMINALS & TENANTS**  
**Major Drivers of FY 2017 Budget & FY 2018 Conceptual Budget**

	<b>Inc / (Dec) FY 17 vs FY 16</b>	<b>Inc / (Dec) FY 18 Conceptual vs FY 17</b>
<b>FY 2016 Budget / FY 2017 Budget</b>	<b>\$ 11,379,243</b>	<b>\$ 11,351,770</b>
<b>Personnel Costs</b>		
Salary adjustments and pay-for-performance	164,791	39,664
1 New limited position T&T Relations Specialist I (salaries & burden)	89,889	-
Burden (benefits & employer taxes) for current staff	(3,321)	23,291
<b>Total Increase / (Decrease) in Personnel Costs</b>	<b>251,359</b>	<b>62,955</b>
Hood vent maintenance for concessionaires	294,342	166,000
Custodial contract	(57,795)	(39,672)
Transfer CDP marketing from Terminal & Tenants to VVE in Executive division	(400,000)	(30,000)
Other, net	(115,379)	49,897
<b>Total Increase / (Decrease) in Non-Personnel Costs</b>	<b>(278,832)</b>	<b>146,225</b>
<b>Total Increase / (Decrease)</b>	<b>(27,473)</b>	<b>209,180</b>
<b>FY 2017 Budget / FY 2018 Conceptual Budget</b>	<b>\$ 11,351,770</b>	<b>\$ 11,560,950</b>

**OPERATIONS DIVISION –TERMINALS & TENANTS**  
**Departmental Goals**

**FY 2016 PROGRESS REPORT**

1. Contracted waste and recycling fees are scheduled to increase in FY 16. We plan to decrease the number of annual waste and recycling disposal removal trips by 5%. A reduction in trip numbers will help reduce traffic on the airfield and on Harbor Drive.

**PROGRESS:** In calendar year 2015, we reduced our Solid Municipal Waste (SMW) total by 394.87 tons. 80,000 pounds of SMW was diverted from the landfill compared to calendar year 2014. We reduced the number of SMW disposal trips on the airfield by approximately 98 round-trips. This reduction represents 8.6% of SMW round-trips on the airfield. FY round-trip calculations will be tabulated in July 2016.

**INITIATIVE:** Focus on revenue generation and cost control.

2. Ensure bi-annual property inspections of all terminal tenancies on the Airport. By completing thorough inspections and implementing corrective action on all findings the SAN terminal assets will serve our stakeholders and customers through a full life cycle.

**PROGRESS:** Bi-annual property inspections: in the Fall of 2015 we completed 100% of the inspections for the Retail and F&B concessions along with the concession office and storage areas. We have also inspected the CRDC (Receiving and Distribution Center) and the Airspace Lounge. For the Spring of 2016 we have completed approximately 60% of the inspections and will be completed by early March 2016, which is on schedule.

**INITIATIVE:** Strategically engage our employees in sustainable business practices.

3. Working with the SAN Concessionaire Marketing Advisory Committee, Vision Voice & Engagement department and marketing agency, develop a Concession Marketing Strategy to pursue measurable on-Airport and digital marketing initiatives, which can directly attribute to a 5% increase in overall sales per enplanement versus FY 15.

**PROGRESS:** 5% increase of overall sales per enplanement (SPE) - through December 2015. We are at an SPE of \$10.71, which is 5.2% over the same period for prior year.

**INITIATIVE:** Strategically engage our employees in sustainable business practices.

## OPERATIONS DIVISION – TERMINALS & TENANTS

### Departmental Goals

#### FY 2017 – FY 2018 GOALS

1. Develop and secure executive approval for a campus-wide door numbering system. Space and door numbering details will be for the use of all SDCRAA departments and external stakeholders as needed (e.g. FMD, Harbor Police Department (HPD) and San Diego Fire Department (SDFD)). A single system will improve efficiency and life safety operations by providing consistent, readily available information to all stakeholders.

**INITIATIVE:** Strategically engage our employees in sustainable business practices.

2. Implementation of technology to streamline the bi-annual property inspections of all terminal concession tenancies at the Airport. Use of technology will enable staff to be more efficient when completing inspections and implementing corrective actions on all findings in the SDIA terminals.

**INITIATIVE:** Strategically engage our employees in sustainable business practices.

3. Working with, and systematic monitoring of, the SAN concessionaires to assist them in maximization of sales, and to ensure that the overall concession program achieves a minimum increase of 3% in overall sales per enplanement versus FY 16.

**INITIATIVE:** Focus on revenue generation and cost control.

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# DEBT SERVICE

## Debt Service

### Overview

Capital projects are funded by a combination of sources that include short-term and long-term debt instruments. Debt service amounts appearing in the budget are based on payments of principal, interest, and fees for the revenue bonds and variable debt. Debt service expenses (including amortization, fees, capitalized leases and net of capitalized interest) are projected at \$80,841,954 for the FY 2017 Budget and \$96,086,878 for the FY 2018 Conceptual Budget (see *Debt Service by Source*).

### Allowed Purposes and Types of Debt

The Authority does not have taxing power and therefore issues revenue bonds to finance the construction of airport projects. The bonds are called revenue bonds because their repayment is secured solely by revenues produced by the Airport system. The Authority may also issue special facility obligations to finance capital projects. Such obligations must be secured by a defined revenue stream derived from or relating to discrete facilities.

### Debt Limit Policy

The Authority's policy is to manage its current and future debt service requirements in compliance with all bond covenants, while prudently meeting the Authority's capital needs. The Authority does not have a legal debt limit, but is constrained by its bond indenture requirement for debt service coverage, which requires that net revenues (generally defined as operating revenues less operating expenses) pledged to pay debt service exceed 125% (1.25x) of annual senior lien bond debt service and that subordinate net revenues shall exceed 110% (1.10x) of subordinate lien debt service. This acts as a cap on the annual debt service, not a cap on the amount of outstanding debt, and is a common provision in airport bond resolutions. A debt service coverage table is shown on page 246.

In addition, the Board has adopted a debt policy that calls for minimum debt service coverage of 175% (1.75x) for senior lien debt and aggregate debt service coverage (senior and subordinate) of 150% (1.50x).

### Outstanding Debt

#### Series 2010 Bonds – Subordinate Airport Revenue Bonds

On October 5, 2010, the Authority issued \$572,565,000 in Subordinate Airport Revenue Bonds. The bond proceeds are being used primarily for construction of The Green Build as well as for projects in the Capital Improvement Program. The bonds were issued in the following series and amounts: Series A (non-AMT) \$313,150,000; Series B (non-AMT) \$44,055,000; and Series C (Build America Bonds) \$215,360,000.

The purpose of Build America Bonds (BABs) was to reduce the cost of borrowing for state and local government issuers and governmental agencies. The program was applicable to new issue capital expenditure bonds issued before January 1, 2011. There are two types of BABs: "Tax Credit BABs" and "Direct Payment BABs." The Authority issued Direct Payment BABs which provide a federal subsidy of 35% of the interest paid on the bonds directly to the Authority. The federal subsidy has been reduced by 7.3% due to sequestration. The subsidy is not included in "Net revenues," rather it is used to pay debt service.

The Series 2010 Bonds were structured as serial and term bonds that bear interest at rates ranging from 2.00% to 6.63% (prior to BAB subsidy) maturing in Fiscal Years 2012 to 2041. Interest on the bonds is payable semiannually on January 1 and July 1 of each year.

The Series 2010 Bonds are payable solely from and secured by a pledge of "Subordinate Net Revenues." Subordinate Net Revenues are generally defined as all revenues and other cash receipts of the Authority's

Airport operations remaining after Senior Lien payments have been deposited by the Trustee in accordance with the Senior Lien Trust Indenture.

### Series 2013 Bonds – Senior Airport Revenue Bonds

On January 30, 2013, the Authority issued \$379,585,000 in Senior Airport Revenue Bonds. The bond proceeds are being used to finance a portion of the construction of the Green Build and certain projects in the Capital Improvement Program. The bonds were issued in the following series and amounts: Series A (non-AMT) \$107,285,000; and Series B (AMT) \$272,300,000.

The Series 2013 Bonds were structured as serial and term bonds that bear interest rates ranging from 3.0% to 5.0% maturing in Fiscal Years 2016-2044.

The Series 2013 Bonds are payable solely from and secured by a pledge of “Net Revenues.” Net Revenues are generally defined as all revenues and other cash receipts of the Authority’s Airport operations less amounts required to pay operations and maintenance expenses of the Airport. Pledged “Net Revenues” do not include cash received from PFCs, CFCs or Federal Grants.

### Series 2014 Bonds – Senior Special Facilities Revenue Bonds

On February 19, 2014, the Authority issued \$305,285,000 in Senior Special Facilities Revenue Bonds. The Bond Proceeds will be used to primarily to finance the construction of the Rental Car Center (RCC) and certain associated projects in the Capital Improvement Program. The bonds were issued in the following series and amounts: Series A (non-AMT) \$29,390,000; and Series B (AMT) \$275,895,000.

The Series 2014 Bonds were structured as serial and term bonds that bear interest rates ranging from 2.537% to 5.594% maturing in Fiscal Years 2019-2045.

The Series 2014 Bonds are payable solely from and secured by a pledge of the “Trust Estate” which includes Customer Facility Charges (CFCs) and bond funding supplemental consideration, payable by the rental car companies in the event that CFCs are insufficient to meet the Bond funding obligations.

### Debt Rating

The following table outlines the credit ratings for the Authority’s outstanding bond issues.

<u>Rating Agency</u>	<u>Standard &amp; Poor’s</u>	<u>Moody’s</u>	<u>Fitch</u>
<b>Series 2013 (Senior)</b>	<b>A+</b>	<b>A1</b>	<b>A+</b>
<b>Series 2010 (Subordinate)</b>	<b>A</b>	<b>A2</b>	<b>A</b>
<b>Series 2014 (Special Facility)</b>	<b>A-</b>	<b>A3</b>	<b>N/A</b>

### Variable Rate Debt

The Authority replaced its commercial paper program with a revolving line of credit, issued by US Bank, on September 5, 2014. The Revolving Credit Agreement is for a term of three (3) years and has a total available commitment of \$125,000,000.

The Authority’s outstanding short-term debt consists of \$16,833,000 of Series B (AMT) and \$15,697,000 of Series C revolving line of credit as of July 1, 2015. Obligations incurred under the Revolving Credit Agreement are payable solely from and secured by a pledge of “Subordinate Net Revenues” (which are generally defined as all revenues and other cash receipts of the Authority’s Airport operations that are remaining after Senior Lien obligations have been met).

## Debt Service Coverage

The following table shows debt service coverage on the aggregate senior and subordinate lien debt.

	FY 2015 Actuals	FY 2016 Budget	FY 2017 Budget	FY 2018 Conceptual Budget
Airport Revenues	\$ 214,770,544	\$ 224,770,229	\$ 246,938,800	\$ 256,177,909
Operations & Maintenance Expenses	(142,781,640)	(154,403,107)	(157,416,764)	(162,823,084)
<b>Net Revenue available for Senior &amp; Subordinate Lien Debt Service</b>	71,988,904	70,367,123	89,522,036	93,354,825
Senior Bond Debt Service	20,064,575	20,504,600	20,504,950	20,503,750
PFCs used to pay Debt Service	(8,669,966)	(9,490,326)	(9,548,626)	(9,547,482)
<b>Senior Bond Debt Service, Net of PFCs</b>	\$ 11,394,609	\$ 11,014,274	\$ 10,956,324	\$ 10,956,268
<b>Senior Bonds Debt Service Coverage (x)</b>	6.32	6.39	8.17	8.52
<b>Subordinate Net Revenues</b>	\$ 60,594,295	\$ 59,352,849	\$ 78,565,712	\$ 82,398,558
Subordinate Lien Bond Debt Service	40,149,398	40,151,798	40,146,248	40,149,748
Variable Rate Debt Service	6,736,945	6,925,845	7,163,388	16,787,163
PFCs used to pay Debt Service	(21,554,245)	(20,331,674)	(20,456,707)	(20,457,851)
BAB Subsidy	(4,631,219)	(4,631,219)	(4,631,219)	(4,631,219)
<b>Subordinate Debt Service, Net of PFCs and BAB Subsidy</b>	\$ 20,700,879	\$ 22,114,750	\$ 22,221,710	\$ 31,847,841
<b>Subordinate Debt Service Coverage (x)</b>	2.93	2.68	3.54	2.59
Aggregate (Senior and Subordinate Lien) Debt Service	\$ 66,950,919	\$ 67,582,243	\$ 67,814,586	\$ 77,440,661
PFCs used to pay Debt Service	(30,224,211)	(29,822,000)	(30,005,333)	(30,005,333)
BAB Subsidy	(4,631,219)	(4,631,219)	(4,631,219)	(4,631,219)
<b>Total Debt Service, Net of PFCs and BAB Subsidy</b>	\$ 32,095,489	\$ 33,129,024	\$ 33,178,034	\$ 42,804,109
<b>Total Debt Service Coverage (x)</b>	2.24	2.12	2.70	2.18

The following table shows debt service coverage on the CFC bond debt.

	<b>FY 2016 Budget</b>	<b>FY 2017 Budget</b>	<b>FY 2018 Conceptual Budget</b>
CFC Collections	\$ 33,070,709	\$ 37,286,862	\$ 41,489,264
Interest Earnings	320,550	515,530	434,021
<b>Total Amounts Available</b>	<b>\$ 33,391,259</b>	<b>\$ 37,802,393</b>	<b>\$ 41,923,285</b>
Rolling Coverage Fund Balance	2,451,182	4,902,363	6,576,363
<b>Total Amounts Available, plus Rolling Coverage Fund Balance</b>	<b>\$ 35,842,441</b>	<b>\$ 42,704,756</b>	<b>\$ 48,499,648</b>
<b>Aggregate Annual Debt Service</b>	<b>\$ 8,170,605</b>	<b>\$ 16,341,210</b>	<b>\$ 21,921,210</b>
<b>Coverage, excluding Rolling Coverage Fund</b>	4.09	2.31	1.91
<b>Coverage, including Rolling Coverage Fund</b>	4.39	2.61	2.21

## Outstanding Debt Service \*

Aggregate Senior and Subordinate Debt					Special Facility Debt
Year Ended July 1	Variable Debt Principal, Interest and Fees	2013 Senior Bonds Principal and Interest	2010 Subordinate Bonds Principal and Interest	Total	2014 CFC Bonds
2017**	\$ 7,162,828	\$ 20,504,950	\$ 40,146,248	\$ 67,814,026	\$ 16,341,210
2018**	16,787,681	20,503,750	40,149,748	77,441,179	21,921,210
2019	17,120,941	20,494,150	40,145,848	77,760,940	21,919,646
2020	11,823,526	26,006,350	40,143,798	77,973,674	21,918,789
2021	11,660,668	26,000,100	40,150,548	77,811,316	21,917,940
2022	11,497,328	25,994,350	40,151,423	77,643,102	21,920,783
2023	11,338,508	26,003,100	40,144,111	77,485,719	21,917,242
2024	11,179,110	25,999,600	40,148,486	77,327,196	21,919,123
2025	11,019,134	25,998,350	40,149,486	77,166,970	21,920,025
2026	10,858,581	26,003,100	40,147,486	77,009,167	21,918,832
2027	10,697,451	26,002,350	40,143,236	76,843,037	21,919,423
2028	1,851,884	25,996,000	40,151,736	67,999,620	21,920,401
2029	1,861,763	25,989,850	40,151,736	68,003,348	21,920,366
2030	1,870,968	26,002,750	40,145,486	68,019,203	21,917,921
2031		16,667,500	50,928,986	67,596,486	21,921,667
2032		16,979,000	50,619,205	67,598,205	21,919,646
2033		17,239,750	50,356,695	67,596,445	21,920,459
2034		17,606,000	49,994,740	67,600,740	21,917,149
2035		18,016,250	49,581,574	67,597,824	21,918,038
2036		18,551,750	49,045,358	67,597,108	21,920,887
2037		19,104,500	48,493,038	67,597,538	21,918,459
2038		19,691,500	47,909,880	67,601,380	21,918,797
2039		20,293,750	47,306,652	67,600,402	21,919,383
2040		20,923,000	46,678,384	67,601,384	21,917,699
2041		67,600,250	-	67,600,250	21,921,229
2042		67,600,250	-	67,600,250	21,921,896
2043		67,597,500	-	67,597,500	21,921,902
2044		-	-	-	21,918,750
<b>Total</b>	<b>\$ 136,730,370</b>	<b>\$ 735,369,750</b>	<b>\$ 1,052,983,888</b>	<b>\$ 1,925,084,008</b>	<b>\$ 608,168,872</b>

\* Net of capitalized interest and excludes Passenger Facility Charge applied to Debt Service and Build America Bond Rebate

\*\* FY 2017 – 2018 Budgeted

## Debt Service by Source

	<b>FY 2015 Actuals</b>	<b>FY 2016 Budget</b>	<b>FY 2017 Budget</b>	<b>Inc / (Dec) FY 17 Budget vs FY 16 Budget</b>	<b>% Change</b>	<b>FY 2018 Conceptual Budget</b>	<b>Inc / (Dec) FY 18 Conceptual vs FY 17 Budget</b>	<b>% Change</b>
Principal on Variable Rate Debt	\$ 6,179,000	\$ 6,124,000	\$ 6,123,000	\$ (1,000)	0.0%	\$ 14,948,859	\$ 8,825,859	144.1%
Principal on Revenue Bonds	10,695,000	11,090,000	11,585,000	495,000	4.5%	12,130,000	545,000	4.7%
Principal & Interest Expense – Capitalized Leases	579,558	877,298	877,298	(0)	0.0%	877,298	-	0.0%
Interest on Revenue Bonds	49,959,899	49,566,398	49,066,198	(500,200)	-1.0%	48,523,498	(542,700)	-1.1%
Interest on Variable Rate Debt	261,709	579,555	782,725	203,170	35.1%	1,674,930	892,205	114.0%
Principal on Special Facility Bonds	-	-	-	-	0.0%	5,580,000	5,580,000	0.0%
Interest on Special Facility Bonds	8,324,125	8,170,605	16,341,210	8,170,605	100.0%	16,341,210	-	0.0%
Fees	317,486	254,370	219,636	(34,734)	-13.7%	70,312	(149,324)	-68.0%
Amortization of Bond Premiums	(4,328,300)	(4,243,249)	(4,153,112)	90,137	-2.1%	(4,059,229)	93,883	-2.3%
<b>Total Debt Service</b>	<b>\$ 71,988,477</b>	<b>\$ 72,418,977</b>	<b>\$ 80,841,954</b>	<b>\$ 8,422,977</b>	<b>11.6%</b>	<b>\$ 96,086,878</b>	<b>\$ 15,244,924</b>	<b>18.9%</b>

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# **CAPITAL PROGRAM**

## Capital Program

### Overview

Capital expenditures include any expenditure over \$5,000 with a useful life of at least one year.

The capital program at SAN consists of the Capital Improvement Program (CIP), as well as Rental Car Center and Airport Development Plan which were implemented under an alternative project delivery method (Design-Build). The CIP is a rolling five-year program that provides critical improvements and asset preservation. The program includes capital improvement projects that address federal security requirements, airfield safety, environmental remediation, terminal upgrades and development. Funding sources for the projects include Federal Aviation Administration's Airport Improvement Program (AIP), Transportation Security Agency grants, Passenger Facility Charges (PFCs), Customer Facility Charges (CFCs), Airport operating revenues, Airport revenue bonds, Special Facility Bonds and short-term borrowing using commercial paper/revolving line of credit.

### Capital Program Process

The Capital Program is designed to incorporate a dynamic process. The annual development of the capital program begins with departments submitting project requests for their functional area. These project requests are reviewed and approved by the respective department's Vice President prior to submission to a capital program working group comprised of staff representatives from various Authority departments.

After the request is submitted to the working group, interviews are conducted between Authority staff and project sponsors to determine if there are any significant issues and/or risks in undertaking the project. Taking into account the Authority's Sustainability Policy, a complete review is performed with a focus on developing a business case that includes total costs of ownership, project feasibility and economic viability. In addition, the operational benefit and the Authority's ability to provide natural resource conservation while being socially responsible are evaluated.

Following the interviews, the working group forwards evaluations of the proposed projects to a review group comprised of key department Directors. The review group then forwards recommendations including project budgets, schedules, issues and proposed funding sources to the Capital Improvement Committee (CIC) which is composed of the Airport Authority's three Vice Presidents and President/CEO who oversee the CIP. The CIC meets monthly and reviews all new project requests, changes to project scopes, budgets and schedules and ensures the efficient use of the Authority's capital resources. The CIC may direct the project sponsors and development team to define the project deliverables and report on estimated costs. The CIC recommends the project to be included in the CIP or the CIC may revise the list of projects to be presented to the Authority Board based on funding availability and project necessity. Following Authority Board approval of the CIP, project teams request the CIC to release funding and begin the project as planned and approved.

During each fiscal year, budget schedule and scope changes to on-going projects are reviewed and approved by the CIC. The CIC may also review new project requests throughout the year to accommodate the ever-changing Airport environment and regulatory requirements.

## Program Summary

FY 2016 – 2020 Capital Program	\$ 491,024,228
Rental Car Center	316,124,104
The Green Build (T2W Roof & Project Closeout)	7,178,330
<b>FY 2016 – 2020 Capital Program Budget</b>	<b>814,326,662</b>
FY 2016 – 2020 Project Closeouts / Adjustments	(64,098,948)
Terminal 2 Parking Plaza Adjustment	45,720,000
FY 2016 – 2020 Capital Program Balance	795,947,714
FY 2017 – 2021 CIP Projects and Adjustments	96,679,419
Airport Development Plan	54,900,000
<b>FY 2017 – 2021 Capital Program Budget</b>	<b>\$ 947,527,133</b>

## Sources and Uses of Funds by Fiscal Year

Capital Program	Pre FY2017	FY2017	FY2018	FY2019	FY2020	FY2021	Total
Customer Facility Charges *	\$ 112,138,384	\$ 2,925,488	\$ -	\$ -	\$ -	\$ -	\$115,063,8
Airport Revenue Bonds	21,999,123	346,920	-	-	92,906	-	22,438,9
Federal Grants	18,653,048	1,350,000	9,135,000	-	26,000,000	-	55,138,0
Passenger Facility Charges	840,609	27,389,652	16,349,721	980,000	7,500,000	-	53,059,9
Airport Funds	88,990,596	65,691,395	105,471,263	48,767,286	54,178,686	10,896,510	373,995,7
Variable Rate Debt	-	57,099,975	29,738,614	-	-	-	86,838,5
Special Facility Bonds	240,991,956	-	-	-	-	-	240,991,9
<b>TOTAL SOURCES OF FUNDS</b>	<b>\$ 483,613,716</b>	<b>\$ 154,803,430</b>	<b>\$160,694,598</b>	<b>\$ 49,747,286</b>	<b>\$ 87,771,592</b>	<b>\$ 10,896,510</b>	<b>\$947,527,1</b>
<b>Use of Funds</b>							
Capital Improvement Program	Pre FY2017	FY2017	FY2018	FY2019	FY2020	FY2021	Total
Landside and Ancillary	\$ 426,749,857	\$ 83,151,733	\$ 77,448,762	\$ 4,214,288	\$ 2,458,850	\$ 2,520,000	\$596,543,4
Airside	27,733,033	25,229,369	36,790,044	30,224,933	70,282,346	3,876,510	194,136,2
Terminal	21,120,897	32,617,256	34,725,792	15,038,065	15,030,396	4,500,000	123,032,4
Administrative	8,009,928	13,805,072	11,730,000	270,000	-	-	33,815,0
<b>TOTAL</b>	<b>\$ 483,613,716</b>	<b>\$ 154,803,430</b>	<b>\$160,694,598</b>	<b>\$ 49,747,286</b>	<b>\$ 87,771,592</b>	<b>\$ 10,896,510</b>	<b>\$947,527,1</b>

\*Includes proceeds from CFC backed Special Facility Bonds and pay-as-you-go usage.

## **Funding**

### **Airport Improvement Program**

Airport Improvement Program (AIP) grants are offered to the Authority to provide funding assistance for eligible capital projects that meet the criteria of the federal program.

Title 49 of the United States Code (U.S.C.) authorizes the AIP program. The objective of this federal program is to assist in the development of a nationwide system of public use airports, to ensure the safe and secure operation of the airport and airway system and to meet the projected needs of the public. The program not only provides funding for development projects, but also Airport Planning and Airport Noise Compatibility Program. The program is funded by aviation use fees, which are collected and deposited into the Airport and Airway Trust Fund in support of the AIP. The U.S. Congress authorizes expenditures from this dedicated fund on an annual basis each year. The AIP program includes entitlement and discretionary funding. Entitlement funds are awarded to eligible sponsors through a formula based on the number of passenger boardings and cargo tonnage at each airport. Discretionary funds are set aside to provide the FAA the flexibility to fund various high priority programs. The AIP program typically provides funding up to 75% of eligible project costs.

Once awarded, AIP grants must typically be expended within four years. However, the Authority expends funds for eligible capital projects and is then reimbursed with grant proceeds. Projected expenditures to be reimbursed by AIP grants are \$1.4 million in FY 2017 and \$9.1 million in FY 2018.

### **Passenger Facility Charge**

Passenger Facility Charges (PFCs) were initially authorized through the Aviation Safety and Capacity Expansion Act of 1990. The Act allowed public agencies that manage commercial airports, to charge each enplaning passenger a facility charge in accordance with FAA requirements. The passenger facility charge is levied on the passenger tickets, collected by the airline, and forwarded to the airport (less a handling fee charged by the airlines). The revenues collected are to preserve or enhance safety, security, capacity, to reduce noise, or to enhance competition. The primary difference between AIP and PFCs is that the PFCs are a fee charged directly to the passenger, is administratively retained by the airport and is considered local funds versus airport funds.

SAN began collecting a PFC of \$3.00 per enplaned passenger on October 1, 1995. Approved amendments to and applications for the Airport's PFC program occurred on December 16, 1997, and on June 5, 2001. The FAA approved the third passenger facility application on May 20, 2003 that established authority to collect \$4.50 per eligible enplaned passenger effective August 1, 2003. Subsequent applications have maintained collections at the \$4.50 level. The FAA approved an eighth application in November 2010 for a total collection authority of approximately \$1.1 billion in support of the Terminal Development Program. A ninth application for \$31.3 million was approved in July 2012. The majority of this application will provide funding for the Quieter Home Program (QHP) as well as the completed Rehabilitate Taxiway "C" project. The latest PFCs application was submitted to the FAA toward the end of FY 2016. This application requested approximately \$44.8 million to fund various airfield projects, passenger boarding bridges, as well the local match for future QHP phases.

### **Customer Facility Charge (CFCs)**

California state law authorizes an airport to collect fees for financing, designing and constructing consolidated car rental facilities, constructing and operating a common-use transportation system and terminal modifications to accommodate and provide customer access. Implementation of CFCs at SAN was approved by the Board in FY 2009. Board authorization for the use of CFCs for initial planning efforts was given in FY 2010. As allowed per State legislation, the CFC collection methodology changed in January 2012 from a charge of \$10.00 per rental car transaction to \$6.00 per rental day. Starting January 2014, the rate increased from \$6.00 to \$7.50 per rental day and will go up to \$9.00 in January 2017. CFCs will support the debt service for the consolidated car rental facility and operating costs of the busing fleet.

## Current CIP Projects

### Airside Projects

Project Number	Project	Description	Budget	Funding Source	Start	End	Annual Incremental Operating Impact
104149	SDIA Airport Development Plan	This project will define the future plan for SDIA through the year 2035. The near-term phase will focus on the replacement of Terminal 1 and the Commuter Terminal. The future uses of the TDY property will also be defined, as well as the ultimate build-out of all Airport property north of the runway. It will include associated environmental analyses and documentation from both the California Environmental Quality Act (CEQA) and the National Environmental Policy Act (NEPA) and preparation of an FAA approved Airport Layout Plan (ALP) package.	\$3,250,000	PFC	Q3/2011	Q4/2016	None
104129	Relocate Taxiway B - Phase I	This project will clear objects from the Taxiway B object free area (ofa) for unrestricted taxi by Group V aircraft. A new secured access gate, vehicle service road and perimeter fence will be constructed. A new Airport electric vault, backup generator and miscellaneous FAA facilities will be constructed.	\$8,924,070	PFC / Cash	Q3/2014	Q2/2017	None
104129A	Environmental Assessment for Taxiway B Relocation	This project will provide the environmental assessment for the area included in the Taxiway B relocation per regulations.	\$300,000	PFC / Cash	Q3/2017	Q4/2016	None
104129B	Relocate Taxiway B - Phase II	This project relocates the existing parallel Taxiway B, from its current position of 362.5 feet south of Runway 9-27 centerline, to a position 400 feet south of the runway centerline. This position will place the parallel taxiway at the Federal Aviation Administration's required safety distance.	\$30,000,000	AIP / PFC	Q3/2019	Q4/2021	None
104164	Upgrade Remaining 12 Remote Noise Monitoring Poles	This project will replace 12 remote noise monitoring poles in the community which have been in place since the 1970s and 1980s, in order to meet State Dept. of Transportation requirements, as well as address liability and safety issues.	\$722,541	PFC / Cash	Q1/2013	Q1/2017	None
104177	Rehabilitate Cross Taxiway B8 and Terminal Aprons	This project will reconstruct portions of Taxiway B8, Taxi Lane W, Terminal 1 apron, Terminal 2 apron and the Cargo apron.	\$8,519,550	PFC / Cash	Q3/2013	Q3/2016	None
104087	Runway 9 Displaced Threshold Relocation	This project relocates the Runway 9 displaced threshold by 300 feet east and includes pavement striping, marking, relocation, color change of existing threshold, touchdown and approach lighting systems.	\$5,606,919	AIP/PFC/Cash	Q3/2008	Q3/2016	None
104176	Construct North Side Bypass Taxiway	This project will replace the existing pavement on the northeastern end of Runway 9-27 to support Group 5 aircraft loading and relieve aircraft traffic on Taxiway "C".	\$10,000,000	AIP / PFC	Q3/2013	Q3/2016	None
104214	Replace 2 ARFF Vehicles	Project replaces 2 rescue vehicles due to escalating repair costs to aging vehicles.	\$2,600,000	PFC	Q4/2015	Q1/2018	None
104219	Rehabilitate Runway 9-27	This project provides for rehabilitation of the airfield asphalt pavement on Runway 9-27, including milling and replacing the top three inches of the approximately 9,400 feet x 125 feet pavement surface; removal and replacement of failed sub-grade; adjustment of electrical runway lights and appurtenances; striping, marking and related work.	\$19,600,000	AIP / PFC	Q1/2016	Q1/2019	None

## Current CIP Projects

### Airside Projects – Cont'd

Project Number	Project	Description	Budget	Funding Source	Start	End	Annual Incremental Operating Impact
104220	Rehabilitate Cross Taxiways (B1, B4-B7, C1-C6 & D) & CT Apron	This project will replace the existing pavement on cross Taxiways B4-B7, cross Taxiways C3-C6 and the Commuter Terminal apron.	\$12,289,440	AIP / PFC	Q1/2016	Q1/2019	None
	Cargo Taxiways	This project will provide 2 taxiways connecting Taxiway "Charlie" with the planned North Side cargo facility. This will include demolition of existing pavement, excavation and disposition of soil, compaction and a base layer.	\$9,545,000	PFC	TBD	Q1/2020	None
	Reconstruct Aprons at Cargo Terminal and T1	This project will replace the existing pavement on cross Taxiways B4-B7, cross Taxiways C3-C6 and the Commuter Terminal apron.	\$1,169,015	AIP/PFC	Q3/2017	Q2/2019	None
	Develop Mitigation Plan for Least Terns	Project prepares a mitigation plan to secure and prepare a site with a suitable nesting habitat for Least Terns.	\$2,000,000	Cash	Q4/2016	Q3/2018	None

### Landside Projects

104133	Comprehensive Strategic Master Drainage Plan	This project provides for installation of Storm Water Treatment Best Management Practices (BMPs) in existing parking lots, Airport internal roadways and lawn areas, including wire mesh screen at curb inlets and curb inlet filters, and replacement of existing lawn areas with artificial turf.	\$1,062,600	Bonds	Q3/2013	Q1/2017	None
104166	Update Ground Transportation Systems - Phase I	This project will upgrade the ground transportation systems to include a taxicab trip fee payment system, Automatic Vehicle Identification system (AVI) reader replacement and an automated taxi and shuttle dispatch system. Planning costs for this project were incurred previously and funded by the FY 2013 CIP.	\$1,874,000	Cash	Q1/2013	Q2/2016	None
104166A	Update Ground Transportation Systems - Phase II	Implement technology and management system allowing better cab/shuttle pax management and alerting cab/shuttle dispatch of needed pax pickups. Evaluate and replace / refurbish parking management equipment.	\$777,469	Cash	Q3/2014	Q1/2016	None
104166B	Update Ground Transportation Software - Phase II	This project adds additional red zones to the curbs at Terminals 1 and 2. The new red zones give the Airport the ability to detect commercial vehicles at the inner curbs.	\$506,000	Cash	Q1/2016	Q1/2017	None
104168B	SDIA Wayfinding Signage – Parking	Project consists of upgrading terminal parking lot signage to match the Green Build signage standards.	\$680,000	Cash	Q2/2014	Q3/2016	None
104168C	SDIA Wayfinding Signage – RCC	Project provides wayfinding directions for customers accessing the Rental Car Center (RCC) facility.	\$1,100,000	CFC	Q2/2014	Q4/2016	None
104168D	SDIA Wayfinding Signage - RCC Bus Notification System	This project will install and operate 2 digital signs that will provide RCC bus passengers with the information on the next bus arrival time. The signage will also direct the RCC passengers to the appropriate bus pick-up areas.	\$510,000	CFC	Q1/2015	Q4/2016	None
104168E	SDIA Wayfinding Signage – RCC (Freeway - CALTRANS)	The project will provide wayfinding signage for the freeway signs that will provide directions for approaching patrons using the new RCC facility.	\$600,000	CFC	Q3/2015	Q4/2016	None

## Current CIP Projects

### Landside Projects – Cont'd

Project Number	Project	Description	Budget	Funding Source	Start	End	Annual Incremental Operating Impact
104168F	SDIA Wayfinding Signage – Terminals (Software)	This project will provide a software program for wayfinding signage that will provide an interactive platform for passengers in locating on-site concessions.	\$510,000	Cash	Q3/2015	Q4/2016	None
104118	Interior North Side Road and Utilities	This project provides the necessary utility infrastructure to support the implementation of the North Side Development plan including sewer, water, natural gas, electrical, telecommunications and storm drains.	\$17,814,959	Bonds / CFC / Cash	Q2/2010	Q4/2016	Minimal \$10,000
104118E	North Side Utility Infrastructure - Storm Drain Trunk	This project provides a 32 cfs stormwater pump station, approximately 8,600 feet of stormwater force main and outfall from the pump station heading westerly to the existing boat channel and approximately 1,700 feet of gravity stormwater trunk line, upgrading of the pump station along the interior road / utility corridor to drain the North Side Development.	\$15,864,587	AIP / Bonds / CFC / Cash	Q3/2010	Q2/2016	None
104134	Terminal Link Road	This project provides a two-way dedicated perimeter road that connects the Airport terminals to the RCC.	\$16,597,264	Bonds / Cash / CFC	Q4/2011	Q4/2016	\$47,500
104181	Construct RCC Bus Parking Facility	This project will provide a facility for parking and fueling of the RCC buses including: a maintenance building with office space, fueling stations for 2 buses, a dual bay wash rack and parking for 25 Compressed Natural GAS (CNG) buses and employees.	\$8,831,200	CFC / Cash	Q4/2013	Q3/2016	\$10,000
104190	Construct Taxi Hold Lot	This project relocates the taxi hold lot from the Harbor Island location to the former TDY location to reduce taxi transit time to terminal and improve patron serviceability.	\$5,654,000	Cash	Q3/2014	Q4/2016	Minimal \$20,300
104200	East Side Fiber Loop Installation	Project will install 432-strand single mode fiber optic cable around the east loop of the Authority utilizing the conduit that was put in place during the 12KV project.	\$700,000	Cash	Q1/2015	Q2/2016	None
104187	Terminal 2 Parking Plaza	Project will construct 3-level parking plaza to accommodate 3,000 parking stalls with an aesthetically pleasing design, implement smart parking technology, include interior and exterior art opportunities and an infrastructure for installation of Photo Voltaic (PV) panels by a third-party vendor.	\$126,600,000	Cash	Q3/2014	Q4/2018	None
104187B	Terminal 2 Parking Plaza - Public Art	Project will provide artist services and design, fabrication and construction for artistic enhancement to integrate into the Terminal 2 Parking Plaza.	\$1,200,000	Cash	Q1/2015	Q4/2018	None
104188	RCC Small Market-share Build-outs	This project will provide a complete tenant improvement component beyond the base building to ensure RCC design standards and to allow for more flexible lease terms and economic viability for small market operators.	\$4,679,560	Cash	Q3/2014	Q3/2016	None
400001 / 501	ADP Programmatic Documents	This project will provide a complete tenant improvement component beyond the base building to ensure RCC design standards and to allow for more flexible lease terms and economic viability for small market operators.	\$500,000	Cash	Q1/2016	Q3/2016	None

## Current CIP Projects

### Landside Projects – *Cont'd*

Project Number	Project	Description	Budget	Funding Source	Start	End	Annual Incremental Operating Impact
104173	Northside Additional Landscaping	This project will provide improvements along Pacific Highway from Washington Street to the Wind Tunnel Fence. This will include trees and landscaping, sidewalk, rehabilitation of the street and relocation of dry and wet utilities to accommodate the sidewalk improvements.	\$3,853,630	Bonds / Cash/ CFC	Q3/2013	Q3/2016	None
104175	Restaurant Development at RCC	This project will develop a shell space for a food and beverage tenant improvement in the RCC. This will include foundations, floor and roof structures, exterior cladding, stairs / vertical transportation and on-site utilities.	\$6,924,000	Cash	Q3/2013	Q3/2016	None
104185	Employee Parking Lot 6 Expansion	This project will provide an additional 650 parking spaces to more effectively cover current and future Airport employee parking needs and recapture paid parking spaces in Terminals 1 and 2.	\$5,598,000	Cash	Q3/2014	Q3/2016	Minimal \$16,258
104203	Palm Street Park - Public Art	Project will provide artist services and design, fabrication and construction for an artistic enhancement to be integrated into the Palm Street Observation Park.	\$550,000	Cash	Q2/2015	Q2/2017	None
104205	Widen Sassafras Street Intersection	Project will increase the width of Sassafras Street between Pacific Hwy and Kettner Boulevard up to the railroad crossing in order to mitigate traffic impacts due to RCC opening, increased FBO tenants and future cargo use.	\$6,000,000	Cash	Q3/2015	Q2/2018	None
104212	Observation Area at Palm Street	Project will develop an observation area at the former Landmark location to enable the community to observe aircraft.	\$2,250,000	Cash	Q4/2015	Q2/2017	None
104215	Demolition of World Trade Center	Project will demolish the World Trade Center building, including abatement of asbestos and lead based paint, and asphalt cap the dirt areas after demolition.	\$1,310,000	Cash	Q1/2016	Q2/2017	None
104218	Admiral Boland Way Signage and Traffic Analysis	Project will perform traffic analysis for Admiral Boland Way from Washington Street to Palm Street to identify and install regulatory signage, wayfinding and safety improvements.	\$350,000	Cash	Q1/2016	Q4/2016	None
104221	Ground Transportation Improvements	Project will provide improvements to the shuttle and parking operations, including new gate arms for Terminal 1 parking, LED signage for all parking exit booths and shuttle transponders.	\$550,000	Cash	Q2/2015	Q2/2017	None
	Cargo Development Oversight	This project will provide project management oversight for a cargo building tenant improvement on the North Side.	\$1,550,500	Cash	TBD	TBD	None
	Ground Transportation Systems Phase 3	Project will implement the "virtual hold lot" concept to efficiently locate and identify Airport-permitted commercial vehicles off-Airport premises. This will include hardware / software to ensure minimal response time.	\$1,100,000	Cash	TBD	TBD	None

## Current CIP Projects

### Terminal Projects

Project Number	Project	Description	Budget	Funding Source	Start	End	Annual Incremental Operating Impact
104041	Public Art Allowance - Program	The Public Art Allowance is to provide a source of funds for inclusion of public art in conjunction with the appropriate CIP project.	\$1,374,441	Bonds / Cash	Q3/2016	Q2/2021	None
104149	SDIA Airport Development Plan	This project will define the future plan for SDIA through the year 2035. The near-term phase will focus on the replacement of Terminal 1 and the Commuter Terminal. The future uses of the TDY property will also be defined, as well as the ultimate build-out of all Airport property north of the runway. It will include associated environmental analyses and documentation from both the California Environmental Quality Act (CEQA) and the National Environmental Policy Act (NEPA) and preparation of an FAA approved Airport Layout Plan (ALP) package.	\$3,250,000	PFC	Q3/2011	Q4/2016	None
104194	Replace & Refurbish Passenger Boarding Bridges	This project provides for a 4-year plan to replace and / or refurbish existing passenger boarding bridges, based on an updated assessment.	\$23,300,000	PFC / Cash	Q4/2014	Q2/2019	\$30,479
104199	Construct Concessionaire & Janitorial Wash Areas	This project consists of construction of 3 wash areas to assist the janitorial service in housekeeping and maintenance of the Authority's premises, and the tenants in maintaining their premises. These 3 wash areas will be located in Terminal 1 (T1), Terminal 2 East (T2E) and Terminal 2 West (T2W).	\$790,000	Cash	Q1/2015	Q1/2017	None
104179	Reconfigure Security Checkpoint 2 / Refurb T1 Rotunda / Baggage Claim Area	This project will enhance the T1 baggage claim area by raising the ceiling, replacing light fixtures, carpeting, signage and fascia, and repositioning FIDS and artwork. The T2E ceiling upgrade will replace the ceiling at the security checkpoint and ticket counter to match the rest of T2E.	\$8,400,000	Bonds / Cash	Q3/2013	Q2/2016	None
104182	T2E CUPPS Expansion	This project will install seven CUPPS in T2E; replacing existing ticket counters with CUPPS stations.	\$2,800,000	Cash	Q4/2013	Q2/2016	None
104147	T2E Ceiling Art Integration - Public Art	This project will create a signature artwork that initiates combined experiences with existing (and possibly new) pedestrian bridges.	\$300,000	Cash	Q1/2011	Q3/2016	None
104167	CT Exterior East-Facing Wall - Public Art	This project will fabricate and install a billboard-type metal structural truss / support system on the east-facing wall of the Commuter Terminal, to house a replicated vinyl mural that will be created.	\$327,250	Bonds	Q2/2013	Q3/2020	None
	FMD Capital Expenditures – Terminal	This project provides for the necessary ongoing maintenance of various capital improvement projects.	\$3,882,714	Bonds / Cash	Q3/2012	Q4/2016	None
104204	Replace Terminal Seating in T1 & T2	This project provides for the replacement of approximately 2,266 seats in Terminal 1 and Terminal 2, in order to provide electrical connectivity to passengers, and for ease of replacing worn or damaged seats.	\$5,720,000	Cash	Q2/2015	Q4/2017	\$25,607
104206	Expand Wi-Fi Coverage in Terminals	Project will provide denser Wi-Fi coverage throughout passenger spaces and ramp area, to increase customer usability and satisfaction.	\$2,839,500	Cash	Q3/2015	Q3/2017	None

## Current CIP Projects

### Terminal Projects – *Cont'd*

Project Number	Project	Description	Budget	Funding Source	Start	End	Annual Incremental Operating Impact
104208	T2W Restroom Remodel	Project will remodel 2 sets of restrooms located on the 1st floor of T2W, including interior finishes, fixtures and accessories, lighting and toilet partitions.	\$2,240,000	Cash	Q3/2015	Q3/2016	None
104210	Terminal 2 East Improvements	Project will replace ceiling tiles and ticket counter in the ticket lobby; replace gate podia shells, back walls, monitors, lights and charging stations in the main concourse; add new restrooms to the international holdroom.	\$5,590,000	Cash	Q3/2015	Q2/2017	None
104213	Terminal Paging System Upgrade	Project will replace aging amplifiers that will integrate with T2W, and integrate configuration of T1 paging system with Green Build Paging zoning configuration.	\$2,330,000	Cash	Q3/2015	Q3/2017	None
104216	CBP Global Entry Enrollment Center (GEEC)	Project will design and construct a 400 square foot GEEC Office on the Terminal 2 East upper floor to provide passenger access to Global Entry membership, thereby reducing passenger wait times.	\$355,000	Cash	Q4/2015	Q3/2016	None
	HVAC Modernization in T2E & T2W	Project will upgrade air handler units and fan coils in T2E and T2W, and modernize the T2W existing pump room.	\$16,549,000	Cash	Q3/2015	Q2/2020	None
	T1 & T2E Roof Replacement	Project will replace the roof waterproofing / roofing membrane in T1 and T2E, due to aging of existing roof.	\$15,000,000	Cash	TBD	TBD	None
	Electrical Modernization in T2W	Project will replace electrical switchgear panels, transformers and generator in T2W.	\$5,590,000	Cash	Q3/2015	Q2/2020	None
	Modernize Vertical Conveyance - T1 & T2	Project will replace hydraulics in escalators and hydraulics and doors on elevators in T1, T2E and T2W.	\$4,431,700	Cash	Q3/2015	Q4/2017	None
	Fire Suppression System	Project will replace / upgrade the wet system in terminals, due to aging of existing system.	\$3,000,000	Cash	TBD	TBD	None

### Administrative Projects

Project Number	Project	Description	Budget	Funding Source	Start	End	Annual Incremental Operating Impact
104183	Develop Administrative Space	This project will accommodate the Authority's existing space needs, with anticipation of the ultimate build-out of spaces, when the Airport Development Plan is implemented.	\$6,800,000	Cash	Q2/2014	TBD	None
104183A	McCain Road Parking Lot	This project will demolish taxi building and build 56-stall parking lot for staff parking, construct two speed bumps at west end of Spruance Road and install extra conduits for a future EV charger in parking lot.	\$650,000	Cash	Q4/2014	Q2/2016	None

## Current CIP Projects

### Administrative Projects – *Cont'd*

Project Number	Project	Description	Budget	Funding Source	Start	End	Annual Incremental Operating Impact
104192	Interim Waste Storage Facility	This project will purchase and install a pre-fab storage unit to consolidate, store and manage hazardous waste being processed for disposal per Federal, State and local laws and regulations. This waste storage will reduce risk, and the liability of potential safety and environmental hazards.	\$640,000	Cash	Q4/2014	Q4/2016	None
104193	Solid Waste Disposal and Recycling Facility	This project will enclose the waste disposal and recycling facility within a steel-framed structure, to contain trash and pollutants and ensure storm water regulatory compliance.	\$1,650,000	Cash	Q4/2014	Q3/2017	Minimal \$2,328
104161A	Enterprise Content Management System (ECMS)	The ECMS project will provide the Authority with an integrated document / image, records and e-mail management solution, as well as a workflow solution, if needed.	\$1,475,000	Cash	Q4/2012	Q3/2016	\$40,000
104161B	E-Project Management System	The E-Project Management System will select, and pilot, a web-based single software solution (owner focused) that meets all of SDCRAA's project management and collaboration requirements.	\$955,001	Cash	Q4/2012	Q2/2016	None
104217	Airport Communications Center (ACC)	Project will create a centralized Airport Communications Center (ACC), co-located along with the existing Security Operations Center (SOC), on third floor of the SDCRAA Administration Building.	\$282,700	Cash	Q1/2016	Q4/2016	None
104209	Facilities Condition Assessment	Project will provide a 20-year strategic plan of the long- and short-range costs associated with facilities maintenance and / or replacements.	\$800,000	Cash	Q3/2015	Q1/2017	None
104207	Update IT Master Plan	Project will update the existing IT Master Plan produced in 2008, including data, security, software and hardware applications.	\$250,000	Cash	Q3/2015	Q2/2017	None
	CT Roof Replacement	Project will replace roof waterproofing / roofing membrane with a 10-year life.	\$3,000,000	Cash	TBD	TBD	None
	CT - Replace 2 Boilers	Project will replace 2 boilers at the Central Utility Plant, due to end of useful life of existing boilers.	\$1,500,000	Cash	TBD	TBD	None

### Ancillary Projects

Project Number	Project	Description	Budget	Funding Source	Start	End	Annual Incremental Operating Impact
104191	Air Freight Buildings Roof Replacement	This project provides for the replacement of the roofs on the air freight buildings on Stillwater Road and Air Lane Road.	\$1,627,000	Cash	Q3/2014	Q4/2016	None
104195	Pavement Rehabilitation - Air Freight Building	This project provides for the necessary replacement of pavement, per contractual lease obligations, to maintain the property and to avoid potential safety impacts of injuries due to poor conditions.	\$1,100,000	Cash	Q4/2014	Q2/2016	None

## Current CIP Projects

### Ancillary Projects – *Cont'd*

Project Number	Project	Description	Budget	Funding Source	Start	End	Annual Incremental Operating Impact
104196	Exhibition Display Equipment - Public Art	Project provides for the purchase of equipment to become part of the Public Art Program's permanent cache of installation / display resources and provide flexibility for future art exhibits.	\$50,000	Cash	Q4/2014	Q4/2016	None
104197	Wind Tunnel South Facing Wall - Public Art	Project provides opportunity for artistic design and enhancement to be integrated on the Wind Tunnel south-facing wall.	\$350,000	Cash	Q4/2014	TBD	None

### Other Projects

Project Number	Project	Description	Budget	Funding Source	Start	End	Annual Incremental Operating Revenue
104151	Rental Car Center (RCC)	This project consists of developing a rental car facility on the North Side site. It will provide on-Airport rental car parking stalls for those companies that want to operate on-Airport and an opportunity for passenger bus transfers for companies that elect to conduct their operations off-Airport.	\$316,124,104	CFC	Q4/2011	Q3/2016	\$6,403,118

**Total FY 2016 - FY 2020 Capital Program Current Projects**

**\$ 795,947,714**

## New CIP Projects

### Airside Projects

Project Number	Project	Description	Budget	Funding Source	Start	End	Annual Incremental Operating Impact
	Rehabilitate Gates 40 / 41 Apron Pavement	The project will replace 40 panels or approximately 7,200 square feet of apron with concrete to provide safe conditions for aircraft operations at Gates 40 / 41.	\$1,172,300	Cash	Q3/2016	Q3/2017	None
	Rehabilitate Southside Cargo Apron	The project will rehabilitate approximately 136,000 square feet of cargo apron with asphalt concrete and approximately 37,000 square feet with cement concrete, in order to provide safe taxiway and apron areas.	\$7,048,200	Cash	Q3/2019	Q1/2021	None

## New CIP Projects

### Airside Projects – *Cont'd*

Project Number	Project	Description	Budget	Funding Source	Start	End	Annual Incremental Operating Impact
	Rehabilitate Terminal 2 Apron Pavement	The project will do partial slab replacements of approximately 49,000 square feet and 1.1M square feet of renovation and rehabilitation, to provide safe taxiway and apron areas.	\$16,589,200	Cash	Q3/2018	Q2/2020	None
	Rehabilitate Northside Vehicle Service Road	The project will remove and replace sub-base / asphalt, to support heavy fuel trucks and ARFF vehicles; replace a single lane with dual lane east of ILS glideslope antenna and relocate road further north; construct proper drainage to eliminate flooding; cap pavement adjacent to Taxiway J and FBO.	\$12,200,000	Cash	Q3/2016	Q2/2018	None

### Landside Projects

Project Number	Project	Description	Budget	Funding Source	Start	End	Annual Incremental Operating Impact
	Rehabilitate Terminal 1 Loop Pavement	The project will rehabilitate 188,000 square feet with 2-inch mill and overlay and rehabilitate 100,000 square feet with full-depth, partial A/C replacement to provide safe ingress / egress for passengers and service vehicles.	\$5,582,000	Cash	Q3/2016	Q1/2018	None
	Rehabilitate Terminal 2 Loop Pavement (Seal Coat)	The project will seal coat 128,000 square feet of pavement and apply new markings on the Terminal 2 Loop Pavement to extend life of pavement.	\$750,230	Cash	Q3/2016	Q3/2017	None
	Rehabilitate Terminal 2 Loop Pavement	The project will rehabilitate 128,000 square feet with full depth, partial asphalt concrete replacement to provide safe ingress / egress for passengers and service vehicles.	\$2,111,000	Cash	Q3/2018	Q4/2019	None
	Acquire RCC Buses	The project will provide 8-10 Liquefied Natural Gas (LNG) buses for the RCC shuttle to meet customer demand.	\$5,000,000	CFC	Q3/2016	Q2/2018	None
	Admiral Boland Way Entry / Exit Gates	The project will install gates, Closed Circuit Television (CCTV), electrical and lights at the north / south ends of Admiral Boland Way to deter auto / pedestrian access.	\$2,152,000	Cash	Q3/2016	Q4/2017	None
	Admiral Boland Way Traffic & Signage Analysis	The project will prepare a traffic analysis for the area from Washington Street to Palm Avenue to identify signage, wayfinding and safety improvements for customers.	\$500,000	Cash	Q4/2016	Q4/2017	None
	Replace Sidewalk Terminal 2 West to Green Build	The project will replace approximately 25,400 square feet of concrete sidewalk, curb and base, in order to repair existing cracking, spalling and faulting.	\$1,808,000	Cash	Q3/2016	Q4/2017	None

## New CIP Projects

### Terminal Projects

Project Number	Project	Description	Budget	Funding Source	Start	End	Annual Incremental Operating Impact
	Improvements to FIS Facility	The project will replace carpet with vinyl flooring; remove wallpaper and paint the entire facility; install stainless steel wainscoting; install magnetic stanchions to improve passenger flow; replace/repair inspection booths; replace baggage carousel to expedite customer processing.	\$6,317,800	Cash	Q3/2016	Q2/2017	None

### Administrative Projects

Project Number	Project	Description	Budget	Funding Source	Start	End	Annual Incremental Operating Impact
	Facilities Condition Assessment	Project will provide an update to the 20-year strategic planning of the long- and short-range costs associated with facilities maintenance and / or replacements.	\$800,000	Cash	Q1/2021	Q1/2022	None
	FY 2017 Capital Projects Allowance	The Capital Project Allowance is a program account to provide a source of funds for the design and construction of unforeseen projects during the course of implementing the Airport Capital Improvement Program.	\$5,000,000	Cash	Q3/2016	Q2/2017	None

### Ancillary Projects

Project Number	Project	Description	Budget	Funding Source	Start	End	Annual Incremental Operating Impact
	Replace Existing Generator at Central Utilities Plant (CUP)	The project will replace the existing emergency power generator to handle the CUP and future Parking Plaza IT equipment, security system and booth lighting. The generator will provide higher capacity for future power needs.	\$6,100,000	Cash	Q3/2017	Q2/2018	None

**Total FY 2017 - FY 2021 Capital Program New Projects**

**\$ 73,130,730**

## Current Project Adjustments

Project Number	Project	Description	Budget	Funding Source	Start	End	Annual Incremental Operating Impact
104194	Replace & Refurbish Passenger Boarding Bridges	This project provides for a 4-year plan to replace and / or refurbish existing passenger boarding bridges based on an updated assessment.	\$9,000,000	PFC / Cash	Q4/2014	Q2/2019	None
104149	SDIA Airport Development Plan	This project will define the future plan for SDIA through the year 2035. The near-term phase will focus on the replacement of Terminal 1 and the Commuter Terminal. The future uses of the TDY property will also be defined, as well as the ultimate build-out of all Airport property north of the runway. It will include associated environmental analyses and documentation from both the California Environmental Quality Act (CEQA) and the National Environmental Policy Act (NEPA), and preparation of an FAA approved Airport Layout Plan (ALP) package.	\$2,500,000	PFC	Q3/2011	Q4/2016	None
104219	Rehabilitate Runway 9-27	This project provides for rehabilitation of the airfield asphalt pavement on Runway 9-27, including milling and replacing the top 3 inches of the approximately 9,400 feet x 125 feet pavement surface; removal and replacement of failed sub-grade; adjustment of electrical runway lights and appurtenances; striping, marking and related work.	\$1,500,000	AIP / PFC	Q1/2016	Q1/2019	None
104220	Rehabilitate Cross Taxiways (B1, B4-B7, C1-C6 & D) & CT Apron	This project will replace the existing pavement on cross Taxiways B4-B7, cross Taxiways C3-C6 and the Commuter Terminal apron.	\$1,700,000	AIP / PFC	Q1/2016	Q1/2019	None
104041	Public Art Allowance - Program	The Public Art Allowance is to provide a source of funds for inclusion of public art, in conjunction with the appropriate CIP Project.	\$248,689	Bonds / Cash	Q3/2016	Q2/2021	None
	FMD Capital Expenditures – Terminal	This project provides for the necessary ongoing maintenance of various capital improvement projects.	\$8,600,000	Bonds / Cash	Q3/2012	Q4/2016	None

**Total FY 2017 - FY 2021 Capital Program Adjustments**

**\$ 23,548,689**

**Total FY 2017 - FY 2021 CIP Program New Projects and Adjustments**

**\$ 96,679,419**

## Airport Development Plan Projects

Project Number	Project	Description	Budget	Funding Source	Start	End	Annual Incremental Operating Impact
	Construct Taxiway A	The project will construct a new 2,800 foot x 200 foot taxiway parallel to Taxiway B, including lighting, storm drain, electrical, striping and security fencing.	\$36,900,000	Cash	Q3/2020	Q1/2022	None
	ADP - Programmatic Documents	The project will prepare programmatic documents for the Airport Development Program in order to define criteria and standards for project design and construction and support the RFQ for design teams and contractors.	\$18,000,000	Cash	Q3/2016	Q2/2018	None

**Total FY 2017 - FY 2021 Airport Development Program**

**\$ 54,900,000**

**Total FY 2017 - FY 2021 CIP Program Projects**

**\$ 947,527,133**

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# PERFORMANCE INDICATORS

The following performance indicators are a selection of the various operational and financial metrics that the Authority monitors during the course of the year.

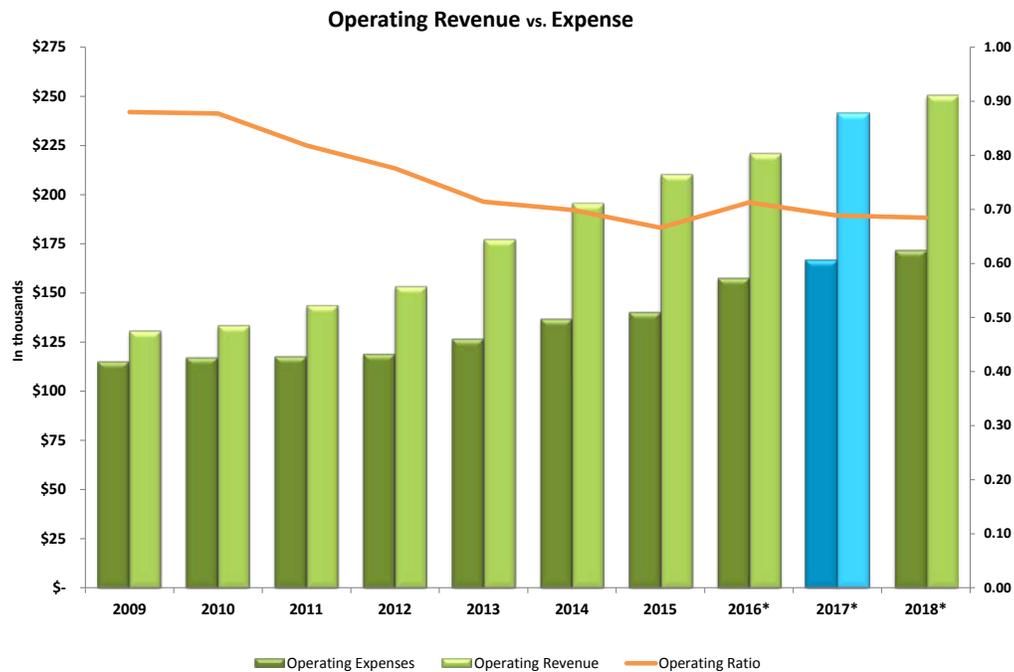
## Operating Ratio

This is a measure of operating efficiency that compares operating expense to operating revenue. Operating revenue must exceed operating expenses to provide a financial cushion and cover debt service expenses.

### Fiscal Years ended June 30, 2009 to 2018

Fiscal Year	Operating Expenses \$ <sup>(1)</sup>	Operating Revenue \$ <sup>(1)</sup>	Operating Ratio	% Change
2009	115,278	130,977	0.88	4.8%
2010	117,288	133,695	0.88	-0.3%
2011	117,841	144,007	0.82	-6.7%
2012	119,169	153,550	0.78	-5.2%
2013	126,796	177,498	0.71	-8.0%
2014	136,821	195,737	0.70	-2.1%
2015	140,250	210,505	0.67	-4.7%
2016*	157,633	221,134	0.71	7.0%
2017*	166,422	241,671	0.69	-3.4%
2018*	171,745	250,810	0.68	-0.6%

<sup>(1)</sup>In thousands.



**FIGURE 39 – OPERATING RATIO**

\*Budgeted FY 2016, FY 2017, & FY 2018.

Source: San Diego County Regional Airport Authority

## Operating Revenue per Enplanement

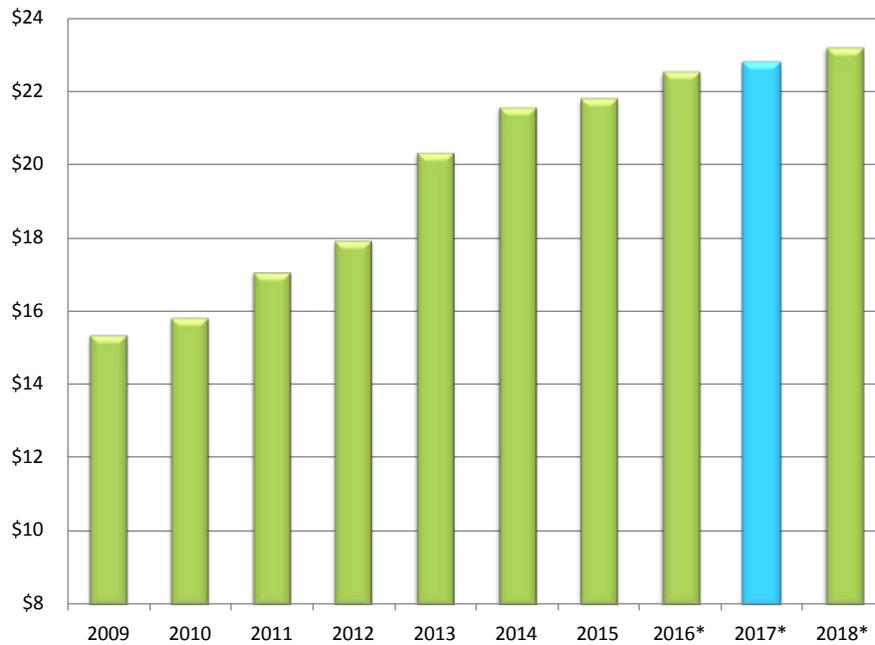
This is a measure of operating revenues per enplaned passenger.

### Fiscal Years ended June 30, 2009 to 2018

Fiscal Year	Operating Revenue \$ <sup>(1)</sup>	Enplaned Passengers <sup>(1)</sup>	Operating Revenue per Enplanement \$	% Change
2009	130,977	8,536	15.34	9.7%
2010	133,695	8,454	15.81	3.1%
2011	144,007	8,441	17.06	7.9%
2012	153,550	8,575	17.91	5.0%
2013	177,498	8,738	20.31	13.5%
2014	195,737	9,082	21.55	6.1%
2015	210,505	9,664	21.78	1.1%
2016*	221,134	9,828	22.50	3.3%
2017*	241,671	10,611	22.78	6.6%
2018*	250,810	10,823	23.17	1.7%

<sup>(1)</sup>in thousands

Operating Revenue per Enplaned Passenger



**FIGURE 40 – OPERATING REVENUE PER ENPLANED PASSENGER**

\*Budgeted FY 2016, FY 2017, & FY 2018.

Source: San Diego County Regional Airport Authority.

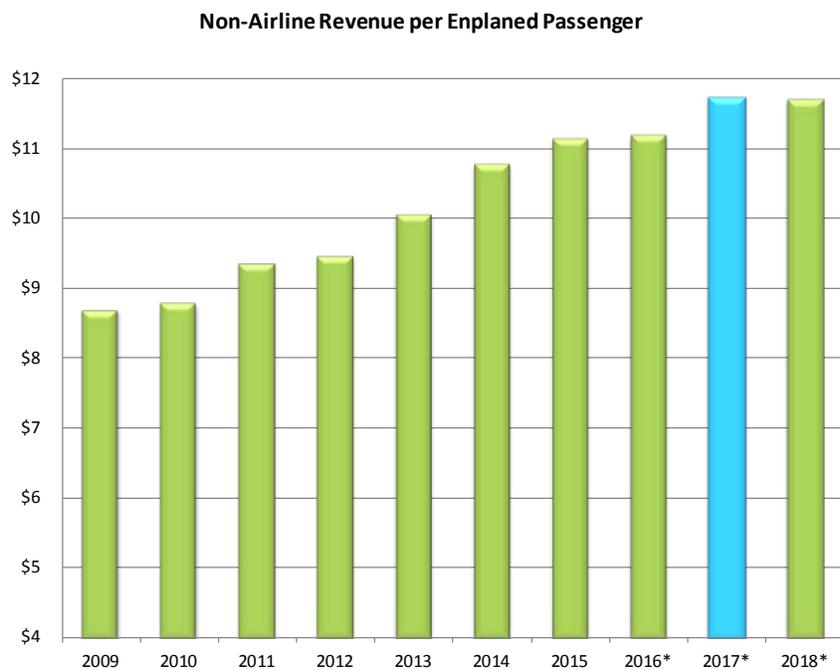
## Non-Airline Revenue per Enplanement

This is a measure of non-airline derived operating revenues per enplaned passenger. This includes terminal concessions, parking, rental car and ground rental revenues divided by enplanement.

### Fiscal Years ended June 30, 2009 to 2018

Fiscal Year	Non-Airline Revenue \$ <sup>(1)</sup>	Enplaned Passengers <sup>(1)</sup>	Non-Airline Revenue per Enplanement \$	% Change
2009	74,241	8,536	8.70	7.1%
2010	74,297	8,454	8.79	1.0%
2011	79,044	8,441	9.36	6.5%
2012	81,120	8,575	9.46	1.0%
2013	87,858	8,738	10.06	6.3%
2014	97,861	9,082	10.77	7.2%
2015	108,174	9,713	11.14	3.4%
2016*	109,945	9,828	11.19	0.4%
2017*	124,496	10,611	11.73	4.9%
2018*	126,557	10,823	11.69	-0.3%

<sup>(1)</sup>in thousands



**FIGURE 41 – NON-AIRLINE REVENUE PER ENPLANEMENT**

\*Budgeted FY 2016, FY 2017, & FY 2018.

Source: San Diego County Regional Airport Authority.

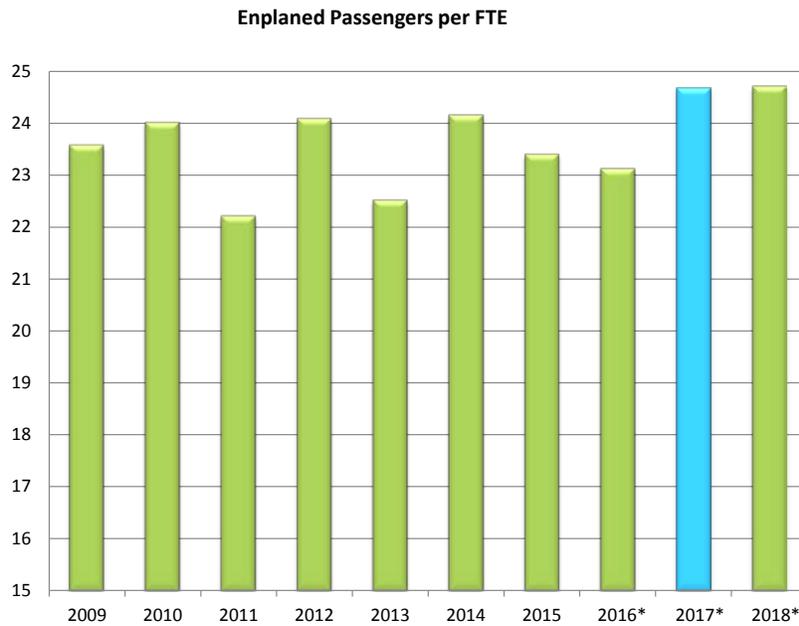
## Enplaned Passengers per FTEs

This divides the Full Time Equivalent (FTE) employees by enplaned passengers and measures the Airport's staffing productivity level.

### Fiscal Years ended June 30, 2009 to 2018

Fiscal Year	Enplaned Passengers per FTEs	FTEs	Enplaned Passengers <sup>(1)</sup>
2009	24	362	8,536
2010	24	352	8,454
2011	22	380	8,441
2012	24	356	8,575
2013	23	388	8,738
2014	24	376	9,082
2015	23	415	9,713
2016*	23	425	9,828
2017*	25	430	10,611
2018*	25	438	10,823

<sup>(1)</sup>in thousands



**FIGURE 42 – ENPLANED PASSENGERS PER FTE**

\*Budgeted FY 2016, FY 2017 & FY 2018.

Source: San Diego County Regional Airport Authority.

## Operating Expenses per Enplanement

This divides operating expenses by enplanement and measures the Authority's relative operating efficiency.

### Fiscal Years ended June 30, 2009 to 2018

Fiscal Year	Operating Expenses \$ <sup>(1)</sup>	Enplaned Passengers <sup>(1)</sup>	Operating Expenses per Enplanement \$	% Change
2009	115,278	8,536	13.51	11.2%
2010	117,288	8,454	13.87	2.7%
2011	117,841	8,441	13.96	0.6%
2012	119,169	8,575	13.90	-0.5%
2013	126,796	8,738	14.51	4.4%
2014	136,821	9,082	15.06	3.8%
2015	140,250	9,713	14.44	-4.2%
2016*	157,633	9,828	16.04	11.1%
2017*	166,422	10,611	15.68	-2.2%
2018*	171,745	10,823	15.87	1.2%

<sup>(1)</sup>in thousands



**FIGURE 43 – OPERATING EXPENSES PER ENPLANEMENT**

\* Budgeted FY 2016, FY 2017, FY 2018.

Source: San Diego County Regional Airport Authority.

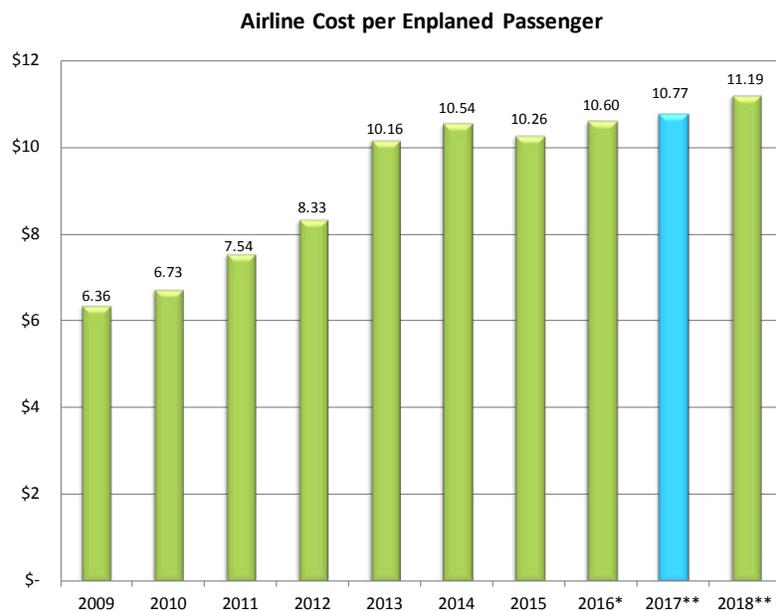
## Airline Cost per Enplaned Passenger

Airline Cost Per Enplaned Passenger (CPE) 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, 2009 to 2018

Fiscal Year	Enplaned Passengers <sup>(1)</sup>	Cost per Enplaned Passenger \$
2009	8,536	6.36
2010	8,454	6.73
2011	8,441	7.54
2012	8,575	8.33
2013	8,738	10.16
2014	9,082	10.54
2015	9,713	10.26
2016*	10,352	10.60
2017**	10,611	10.77
2018**	10,823	11.19

<sup>(1)</sup>in thousands



**FIGURE 44 – AIRLINE COST PER ENPLANED PASSENGER**

\*Projected FY 2016.

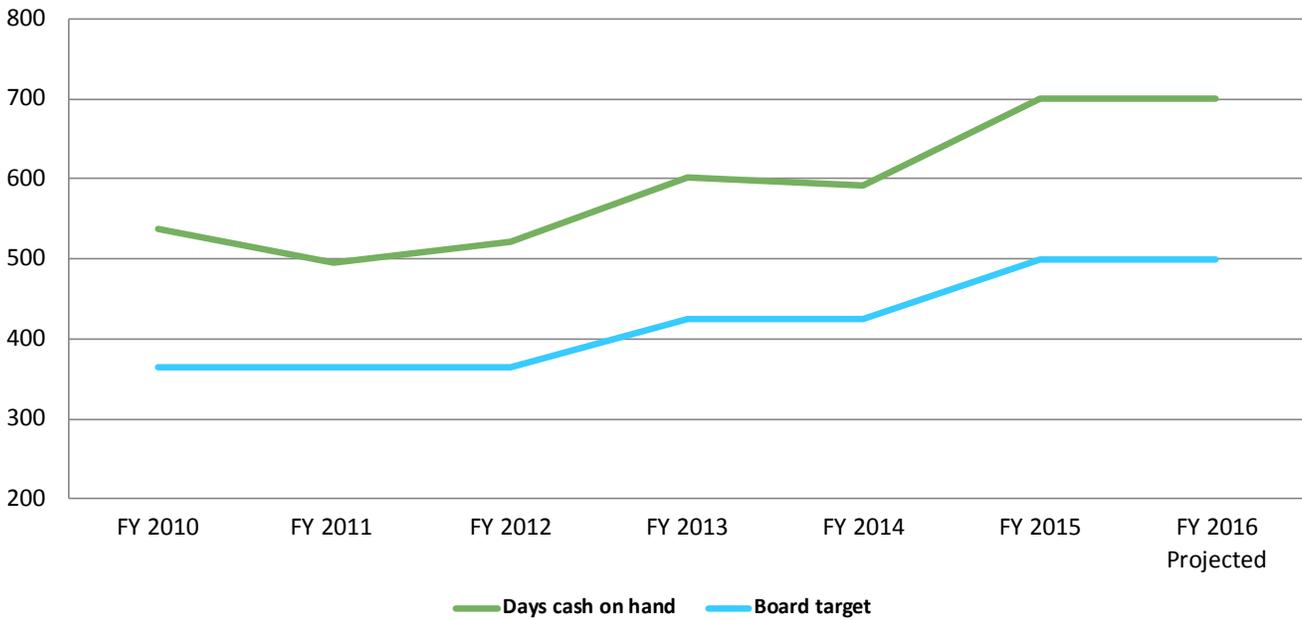
\*\*Budgeted FY 2017, FY 2018.

Source: San Diego County Regional Airport Authority.

## Days Cash on Hand

Recognizing the inherently volatile nature of the aviation industry, the Authority will maintain prudent unrestricted reserves as a backstop to be able to fund its obligations if unforeseen events occur. The Authority's unrestricted reserves target (defined as the sum of unrestricted cash and investments, unrestricted cash designated for capital projects, unrestricted long-term investments, the O&M Reserve, the O&M Subaccount Reserve and the Renewal and Replacement Reserve) shall be at least 500 days of budgeted operating and maintenance expenses for the current fiscal year.

### Days Cash on Hand Compared to Board Approved Target

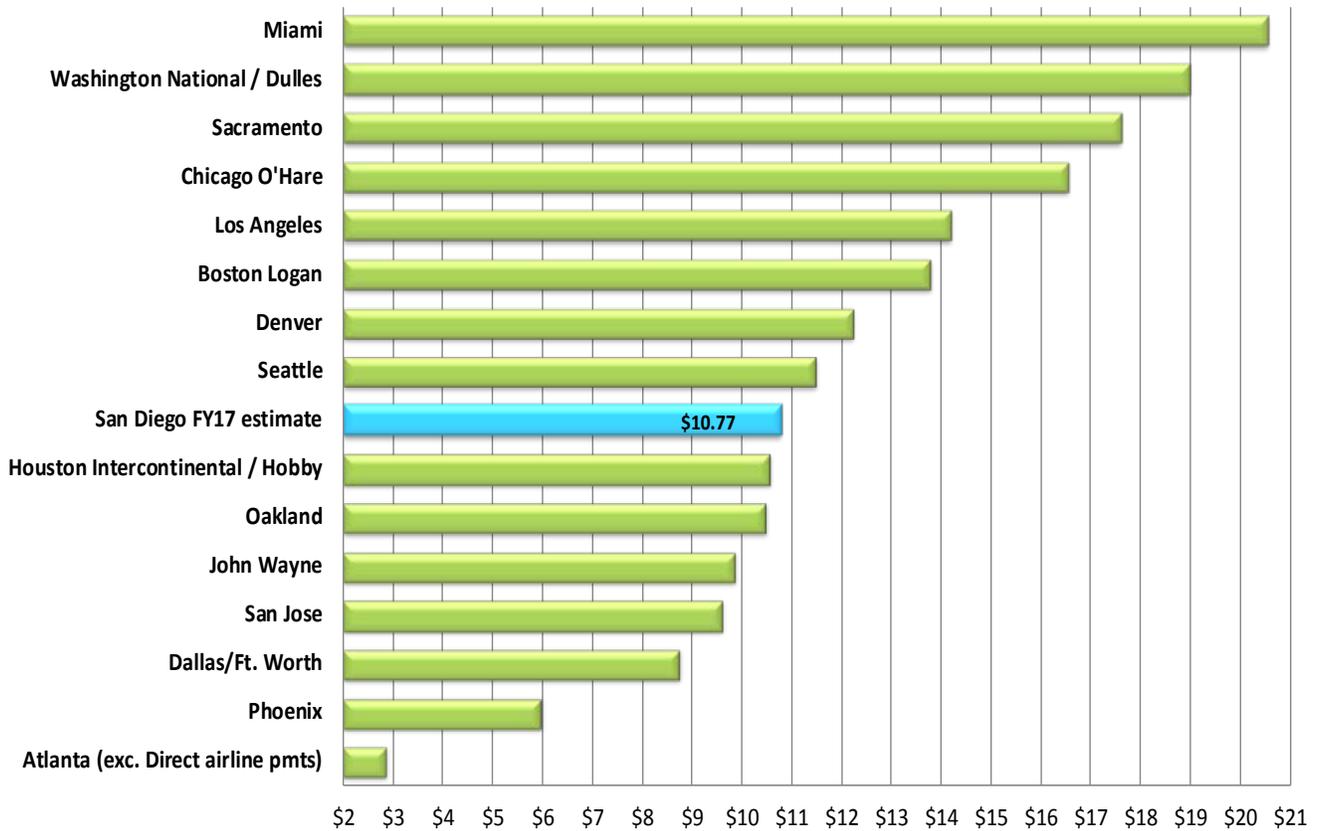


**FIGURE 45 – DAYS CASH ON HAND**

*Source: San Diego County Regional Airport Authority.*

## Airline Cost per Enplaned Passenger by Airport

Airline cost per enplaned passenger is the total annual cost of fees and charges paid by the airlines divided by the total enplanements. This graph shows how SAN compares to other large airports.



**FIGURE 46 – AIRLINE COST PER ENPLANED PASSENGER BY AIRPORT**

Source: Moody's Investor Service, MFRA Database, as of April 2016.

## Passenger Satisfaction Rating

At San Diego International Airport (SAN), we take customer satisfaction seriously. That’s why we’re proud to participate in the Airport Council International’s Airport Service Quality (ASQ) survey, the world’s largest airport passenger satisfaction benchmark. Based on the 2015 annual results, SAN achieved an Overall Satisfaction rating of 4.13 out of 5. From the third to the fourth quarter, SAN’s score increased by 0.10 points, the greatest quarter-to-quarter increase since 2013. Of the passengers surveyed, 78 percent were satisfied with their experience at SAN. Key areas of importance to San Diego passengers in which SAN continues to exceed expectations include wait time and efficiency at check-in and security, walking distance inside the terminal, and courtesy and helpfulness of check-in and inspection staff.

### Overall Passenger Satisfaction

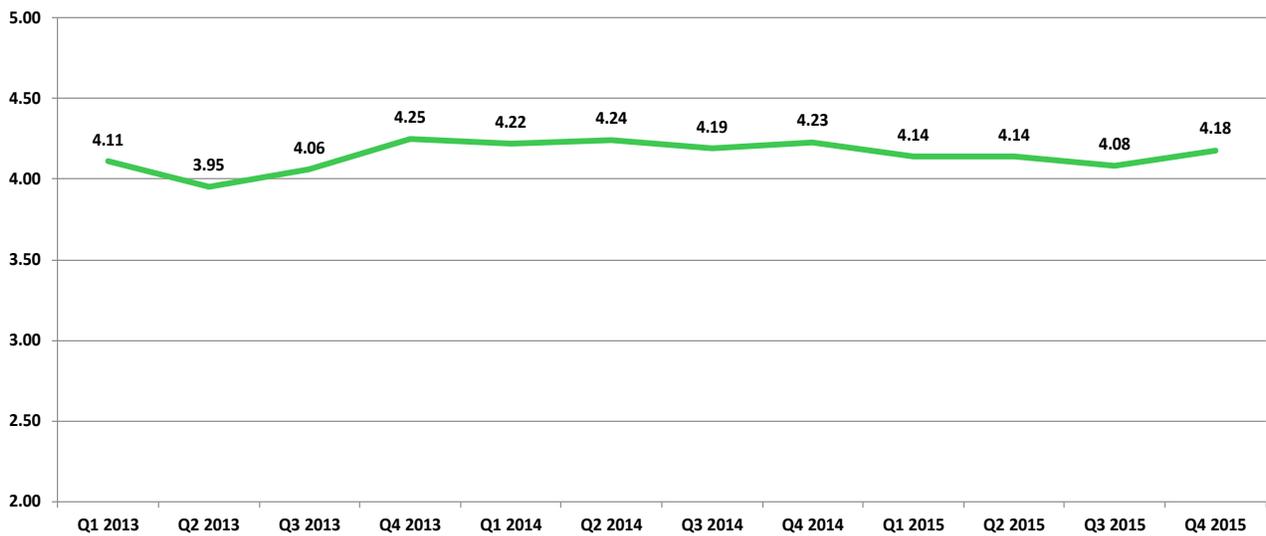


FIGURE 47 – OVERALL PASSENGER SATISFACTION RATING

### Wait Time at Check-In Satisfaction

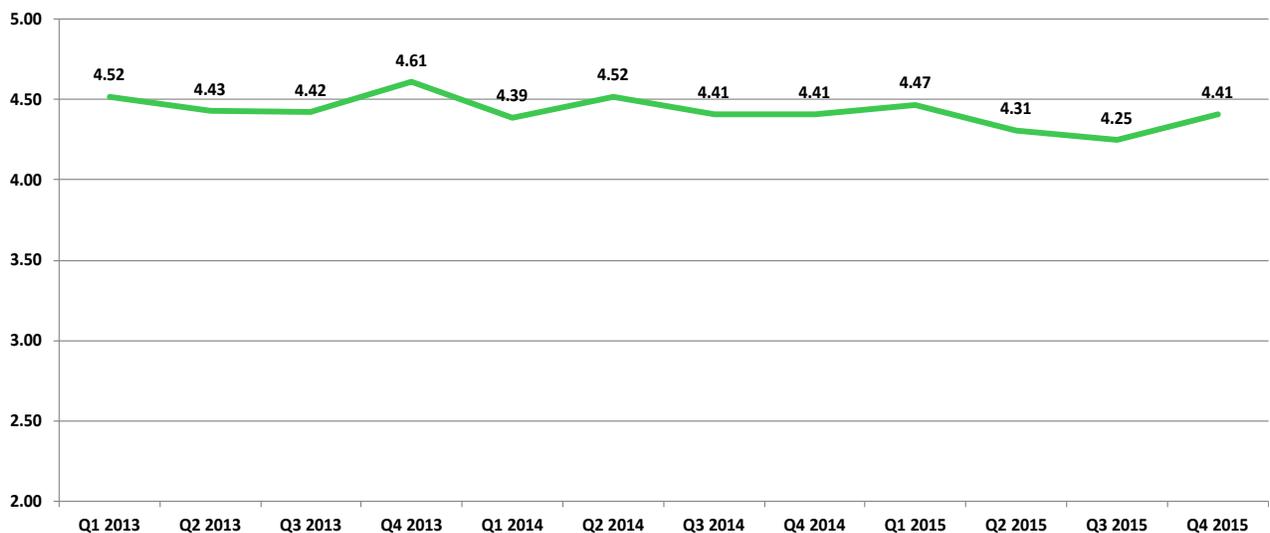


FIGURE 48 – WAIT TIME AT CHECK-IN RATING

## Passenger Satisfaction Rating (Cont'd)

### Wait Time At Security Satisfaction

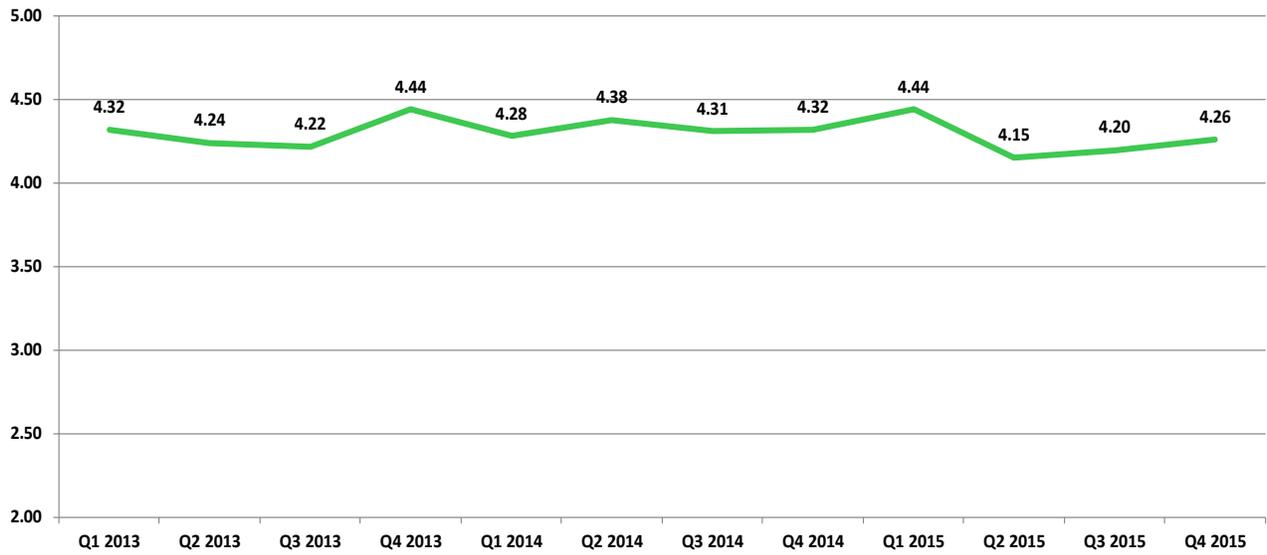


FIGURE 49 – WAIT TIME AT SECURITY SATISFACTION

### Wi-Fi Satisfaction

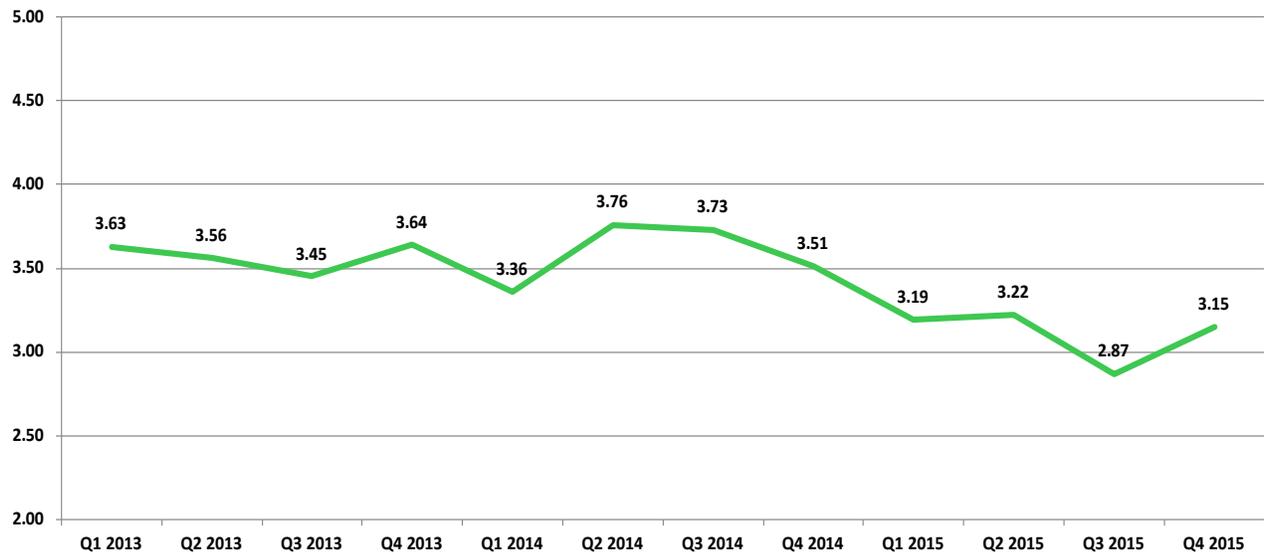


FIGURE 50 – WI-FI SATISFACTION RATING

## Passenger Satisfaction Rating (Cont'd)

### Way Finding Satisfaction

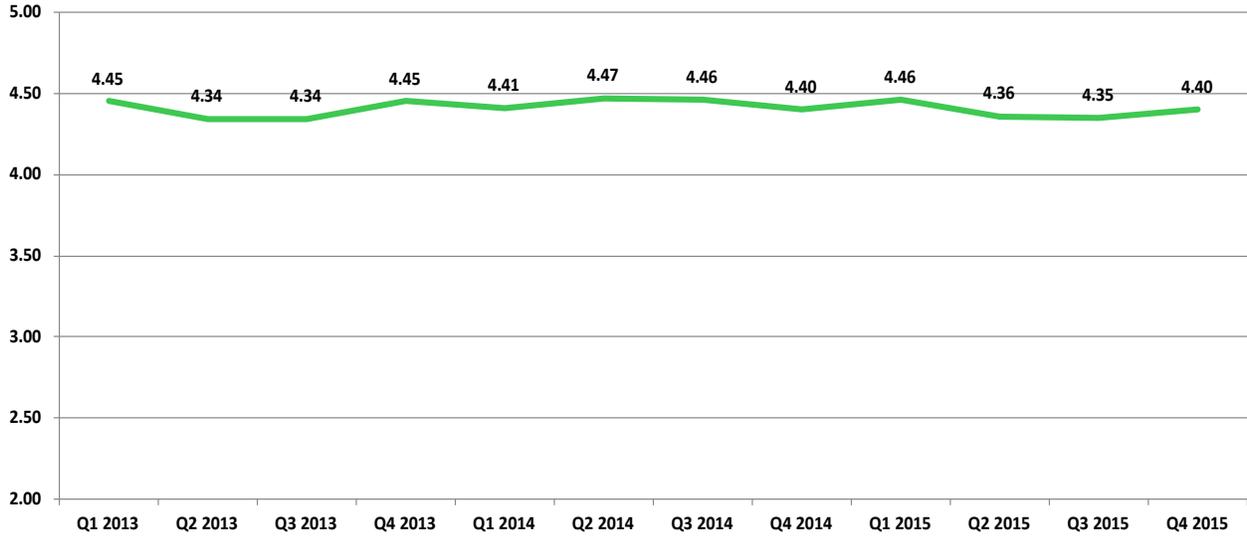


FIGURE 51 – WAY FINDING SATISFACTION RATING

### Comfort of Gate / Wait Areas Satisfaction

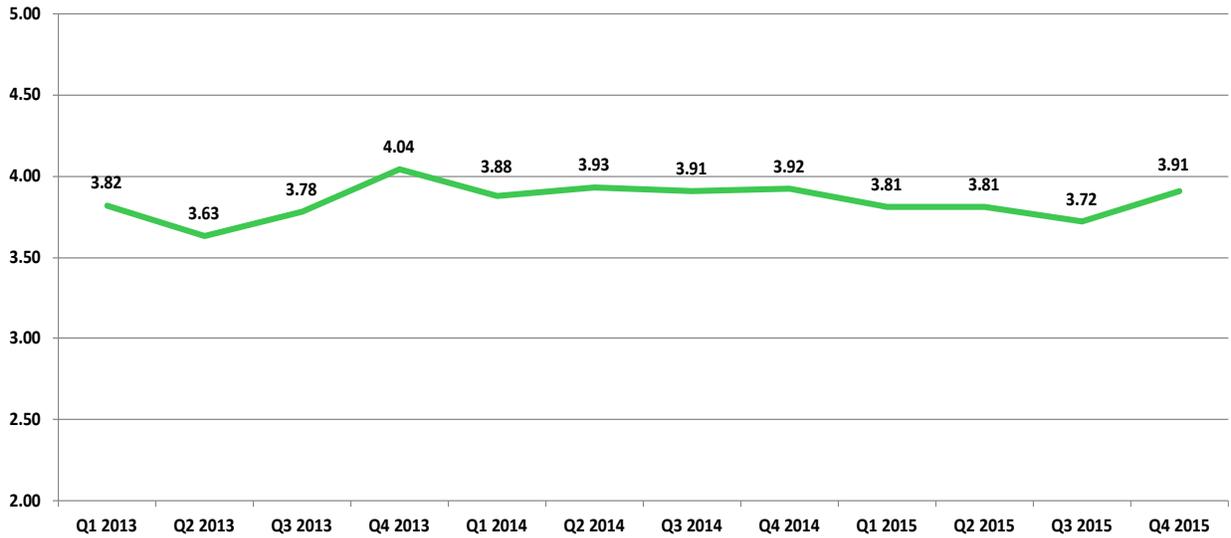


FIGURE 52 – COMFORT OF GATE/WAIT AREAS SATISFACTION RATING

# **SUPPLEMENTAL DATA**

## Annual Enplaned Passengers

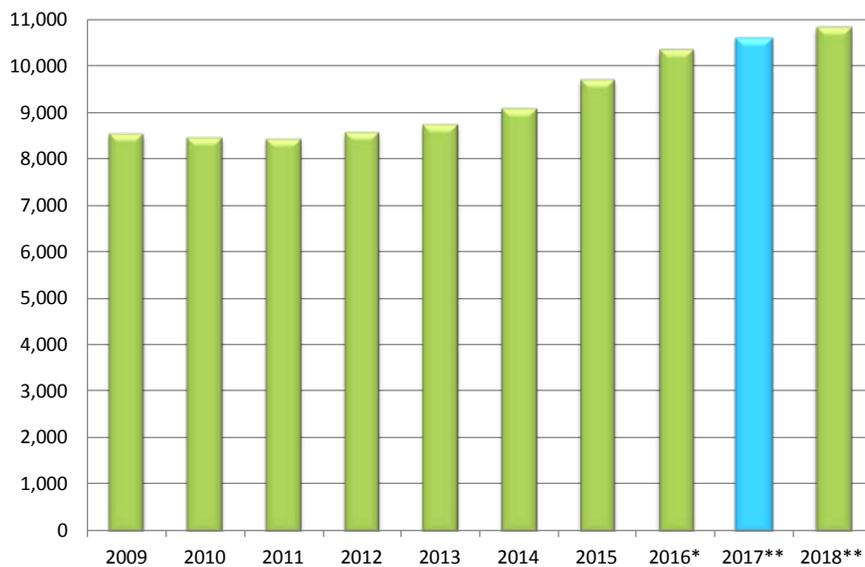
In FY 2017, enplaned passenger traffic at SAN is projected to reach 10.61 million, which represents an increase of 8.0% from the 9.83 million enplanements used in the FY 2016 Budget and a 2.5% increase over the 10.35 million enplanements projected for FY 2016. Enplaned passengers are projected to increase by 2.0% to 10.82 million in the FY 2018 Conceptual Budget.

### Fiscal Years ended June 30, 2009 to 2018

<u>Fiscal Year</u>	<u>Enplaned Passengers</u>	<u>% Change</u>
2009	8,536	-9.1%
2010	8,454	-1.0%
2011	8,441	-0.2%
2012	8,575	1.6%
2013	8,738	1.9%
2014	9,082	3.9%
2015	9,713	6.9%
2016*	10,352	6.6%
2017**	10,611	2.5%
2018**	10,823	2.0%

<sup>(1)</sup>in thousands

### Annual Enplaned Passengers



**FIGURE 53 – ANNUAL ENPLANED PASSENGERS**

\*Projected FY 2016

\*\*Budgeted FY 2017, FY 2018.

Source: San Diego County Regional Airport Authority.

## Airline Market Share FY 2009 – FY 2015

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 85% of the enplaned passengers.

Air Carrier	2009		2010		2011		2012		2013		2014		2015	
	Passengers	Share	Passengers	Share	Passengers	Share	Passengers	Share	Passengers	Share	Passengers	Share	Passengers	Share
Aeromexico	27,772	0.3%	24,335	0.3%	-	-	-	-	-	-	-	-	-	-
Air Canada	27,255	0.3%	46,959	0.6%	58,539	0.7%	56,470	0.7%	45,058	0.5%	36,636	0.4%	41,175	0.4%
AirTran Airways	66,475	0.8%	37,530	0.4%	17,978	0.2%	-	-	-	-	-	-	-	-
Alaska Airlines	428,515	5.0%	435,722	5.2%	514,498	6.1%	579,457	6.8%	673,731	7.7%	830,349	9.1%	871,775	9.0%
American Airlines*	735,067	8.6%	704,909	8.3%	658,752	7.8%	664,466	7.7%	650,826	7.4%	693,995	7.6%	747,493	7.7%
British Airways	-	-	-	-	6,912	0.1%	81,437	0.9%	81,534	0.9%	84,600	0.9%	84,263	0.9%
Continental Airlines	503,242	5.9%	507,443	6.0%	496,100	5.9%	-	0.0%	-	-	-	-	-	-
Delta Airlines	618,127	7.2%	900,510	10.7%	919,323	10.9%	935,777	10.9%	904,734	10.4%	915,907	10.1%	992,498	10.2%
Frontier Airlines	203,689	2.4%	196,628	2.3%	219,008	2.6%	198,708	2.3%	184,020	2.1%	185,270	2.0%	150,595	1.6%
Hawaiian Airlines	100,626	1.2%	90,874	1.1%	98,887	1.2%	86,211	1.0%	94,283	1.1%	98,667	1.1%	96,963	1.0%
Japan Airlines	-	-	-	-	-	-	-	-	18,249	0.2%	54,213	0.6%	59,372	0.6%
JetBlue Airlines	235,199	2.8%	167,031	2.0%	141,684	1.7%	147,051	1.7%	152,571	1.7%	173,282	1.9%	178,590	1.8%
Midwest Airlines	8,380	0.1%	-	-	-	-	-	-	-	-	-	-	-	-
Northwest Airlines	272,684	3.2%	-	-	-	-	-	-	-	-	-	-	-	-
Southwest Airlines	3,122,090	36.6%	3,183,084	37.7%	3,277,931	38.8%	3,252,290	37.9%	3,253,225	37.2%	3,352,870	36.9%	3,736,688	38.5%
Spirit	-	-	-	-	-	-	77,873	0.9%	164,189	1.9%	201,414	2.2%	252,219	2.6%
Sun Country Airlines	35,885	0.4%	24,984	0.3%	24,175	0.3%	15,889	0.2%	23,836	0.3%	27,276	0.3%	28,732	0.3%
United Airlines	927,023	10.9%	920,960	10.9%	878,307	10.4%	1,266,007	14.8%	1,175,869	13.5%	1,167,661	12.9%	1,113,510	11.5%
US Airways*	563,392	6.6%	512,558	6.1%	523,378	6.2%	535,906	6.2%	560,738	6.4%	554,244	6.1%	523,034	5.4%
Virgin America	155,649	1.8%	151,110	1.8%	133,377	1.6%	166,326	1.9%	168,297	1.9%	156,729	1.7%	175,973	1.8%
Volaris	-	-	-	-	-	-	45,589	0.5%	30,885	0.4%	23,285	0.3%	20,004	0.2%
WestJet	1,526	0.0%	18,738	0.2%	19,360	0.2%	25,535	0.3%	27,746	0.3%	31,805	0.4%	33,723	0.3%
Allegiant	21,309	0.2%	32,803	0.4%	18,416	0.2%	18,099	0.2%	15,466	0.2%	7,859	0.1%	7,406	0.1%
Other	2,622	0.0%	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total Air Carrier</b>	<b>8,056,527</b>	<b>94.4%</b>	<b>7,956,178</b>	<b>94.1%</b>	<b>8,006,625</b>	<b>94.9%</b>	<b>8,153,091</b>	<b>95.1%</b>	<b>8,225,257</b>	<b>94.1%</b>	<b>8,596,062</b>	<b>94.6%</b>	<b>9,114,013</b>	<b>93.8%</b>
<b>Regional</b>														
American Eagle (Envoy)	232,289	2.7%	207,272	2.5%	155,421	1.8%	140,574	1.6%	82,377	0.9%	51,126	0.6%	-	-
Compass	-	-	-	-	-	-	-	-	-	-	8,563	0.1%	140,012	1.4%
Express Jet Airlines	36,034	0.4%	-	-	-	-	-	-	-	-	-	-	-	-
Horizon	-	-	-	-	-	-	5,900	0.1%	77,392	0.9%	84,000	0.9%	83,764	0.9%
Mesa Airlines	7,381	0.1%	18,670	0.2%	6,709	0.1%	12,766	0.1%	206	0.0%	-	-	-	-
Seaport Airlines	-	-	-	-	-	-	-	-	196	0.0%	1,128	0.0%	3,298	0.0%
Skywest Airlines	203,543	2.4%	271,766	3.2%	272,365	3.2%	263,144	3.1%	352,189	4.0%	341,365	3.8%	371,979	3.8%
<b>Total Regional</b>	<b>479,247</b>	<b>5.6%</b>	<b>497,708</b>	<b>5.9%</b>	<b>434,495</b>	<b>5.1%</b>	<b>422,384</b>	<b>4.9%</b>	<b>512,360</b>	<b>5.9%</b>	<b>486,182</b>	<b>5.4%</b>	<b>599,053</b>	<b>6.2%</b>
<b>Total Passengers</b>	<b>8,535,774</b>	<b>100%</b>	<b>8,453,886</b>	<b>100%</b>	<b>8,441,120</b>	<b>100%</b>	<b>8,575,475</b>	<b>100%</b>	<b>8,737,617</b>	<b>100%</b>	<b>9,082,244</b>	<b>100%</b>	<b>9,713,066</b>	<b>100%</b>

\* On December 9, 2013, AMR Corporation (American Airlines) merged with US Airways Group, forming American Airlines Group. A single operating certificate was issued by the FAA and operational integration was on April 7, 2015. The enplanements are shown separately for the purpose of this table.

**FIGURE 54 – AIRLINE MARKET SHARE**

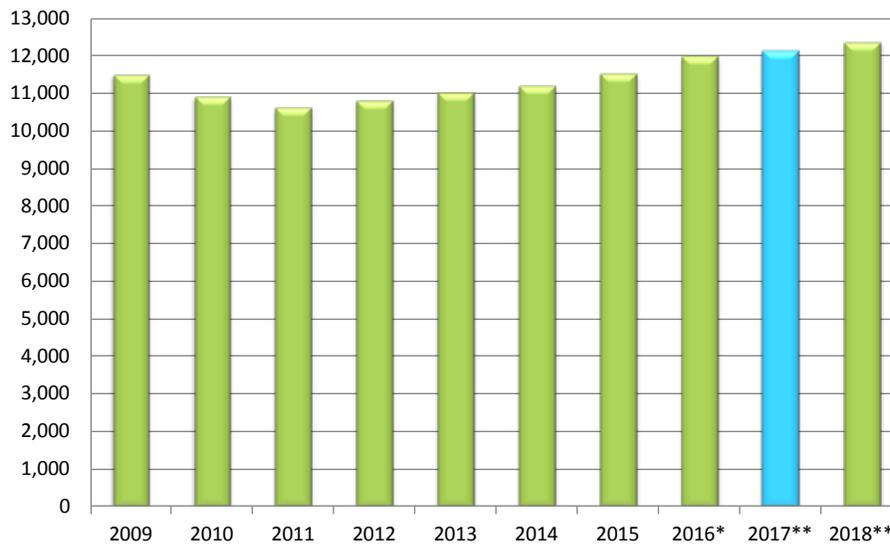
## Aircraft Landed Weight

Landed weight refers to the maximum gross certificated landed weight in one thousand pound units, as stated in the airline flight operations manual. Landed weight is used to calculate landing fees for both airline and general aviation aircraft operated at the Airport. In FY 2017, landed weight is estimated to increase by 1.1% over FY 2016 year end projections.

### Fiscal Years ended June 30, 2009 to 2018

Fiscal Year	Million lbs	% Change
2009	11,497	-8.0%
2010	10,893	-5.3%
2011	10,606	-2.6%
2012	10,820	2.0%
2013	11,016	1.8%
2014	11,187	1.6%
2015	11,524	3.0%
2016*	11,979	3.9%
2017**	12,108	1.1%
2018**	12,350	2.0%

## Aircraft Landed Weight



**FIGURE 55 – AIRCRAFT LANDED WEIGHT**

\*Projected FY 2016

\*\*Budgeted FY 2017, FY 2018.

Source: San Diego County Regional Airport Authority.

## Airline Landed Weight FY 2009 – FY 2015

Landed weight is the maximum gross certificated landed weight in one thousand pound units as stated in the airlines' flight operational manual. Landed weight is used to calculate landing fees for both airline and general aviation aircraft operated at SAN.

Airline	% of 2009 Total		% of 2010 Total		% of 2011 Total		% of 2012 Total		% of 2013 Total		% of 2014 Total		% of 2015 Total	
1 Southwest Airlines	4,415,780	38.4%	4,068,974	37.4%	4,001,530	37.7%	3,953,536	36.5%	3,907,554	35.5%	3,925,362	35.1%	4,214,314	36.6%
2 United Airlines *	1,670,479	14.5%	1,662,541	15.3%	1,583,372	14.9%	1,502,203	13.9%	1,387,854	12.6%	1,340,736	12.0%	1,227,974	10.7%
3 Delta Airlines	713,622	6.2%	893,467	8.2%	1,062,254	10.0%	1,047,068	9.7%	1,023,608	9.3%	1,016,878	9.1%	1,077,103	9.3%
4 Alaska Airlines	536,281	4.7%	511,813	4.7%	595,238	5.6%	648,359	6.0%	750,000	6.8%	884,727	7.9%	888,065	7.7%
5 American Airlines	848,513	7.4%	766,151	7.0%	672,059	6.3%	701,126	6.5%	685,836	6.2%	718,069	6.4%	790,055	6.9%
6 US Airways	684,354	6.0%	626,510	5.8%	603,439	5.7%	643,014	5.9%	653,915	5.9%	631,485	5.6%	569,856	4.9%
7 Skywest Airlines	219,416	1.9%	332,408	3.1%	338,812	3.2%	306,789	2.8%	428,595	3.9%	396,054	3.5%	408,608	3.5%
8 Federal Express	402,665	3.5%	400,303	3.7%	421,239	4.0%	452,453	4.2%	451,797	4.1%	419,127	3.7%	384,686	3.3%
9 Spirit Airlines	-	-	-	-	-	-	98,931	0.9%	208,200	1.9%	245,669	2.2%	296,925	2.6%
10 Virgin America	221,333	1.9%	205,348	1.9%	173,686	1.6%	208,253	1.9%	235,934	2.1%	232,136	2.1%	240,781	2.1%
11 JetBlue Airlines	297,340	2.6%	201,071	1.8%	167,369	1.6%	166,232	1.5%	168,080	1.5%	189,979	1.7%	193,848	1.7%
12 Compass Airlines	-	-	-	-	-	-	-	-	-	-	10,979	0.1%	172,754	1.5%
13 British Airways	-	-	-	-	13,800	0.1%	167,440	1.5%	163,760	1.5%	166,980	1.5%	166,980	1.4%
14 Frontier Airlines	237,269	2.1%	227,847	2.1%	249,492	2.4%	208,936	1.9%	196,614	1.8%	192,493	1.7%	153,880	1.3%
15 Hawaiian Airlines	137,145	1.2%	121,600	1.1%	134,080	1.3%	118,088	1.1%	140,637	1.3%	147,325	1.3%	146,284	1.3%
<b>Subtotal</b>	<b>10,384,197</b>	<b>90.3%</b>	<b>10,018,032</b>	<b>92.0%</b>	<b>10,016,370</b>	<b>94.4%</b>	<b>10,222,427</b>	<b>94.5%</b>	<b>10,402,386</b>	<b>94.4%</b>	<b>10,517,999</b>	<b>94.0%</b>	<b>10,932,113</b>	<b>94.9%</b>
All Others	1,112,561	9.7%	874,835	8.0%	589,790	5.6%	597,474	5.5%	613,330	5.6%	668,766	6.0%	591,606	5.1%
<b>Total</b>	<b>11,496,758</b>	<b>100.0%</b>	<b>10,892,867</b>	<b>100.0%</b>	<b>10,606,160</b>	<b>100.0%</b>	<b>10,819,902</b>	<b>100.0%</b>	<b>11,015,716</b>	<b>100.0%</b>	<b>11,186,766</b>	<b>100.0%</b>	<b>11,523,720</b>	<b>100.0%</b>
<b>Annual % Change</b>	-8.0%		-5.3%		-2.6%		2.0%		1.8%		1.6%		3.0%	

\* United and Continental completed their merger on October 1, 2010 and began operating as United on November 30, 2011. Data for United and Continental have been combined in this table.

Source: San Diego County Regional Airport Authority.

FIGURE 56 – TOP 15 AIRLINES RANKED BY LANDED WEIGHT

## Landing Fees

Landing fees are revenues from passenger and cargo aircraft for commercial landings at the Airport. Beginning with FY 2009, aircraft parking was excluded from landing fees and charged separately.

### Fiscal Years Ended June 30, 2009 to 2018

Fiscal Year	Landing Fees (per 1,000 lbs)	% Change
2009	1.62	-18.0%
2010	1.71	5.5%
2011	1.78	3.7%
2012	1.75	-1.6%
2013	1.83	4.7%
2014	1.74	-5.0%
2015	1.88	7.9%
2016*	2.09	11.6%
2017**	2.21	5.5%
2018**	2.33	5.3%

Landing Fees (per 1,000 lbs)

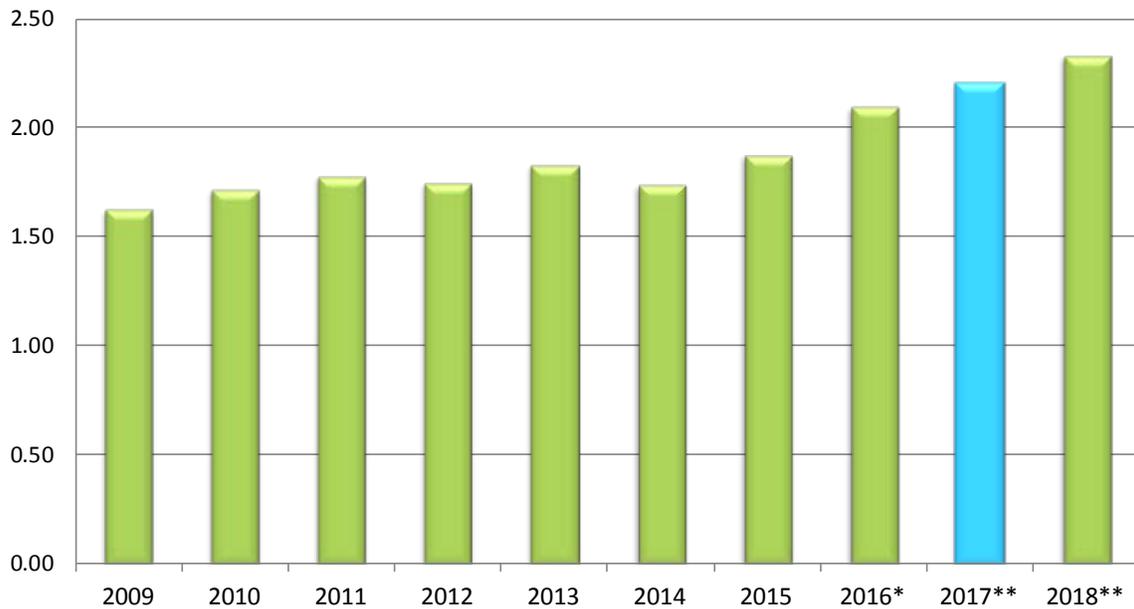


FIGURE 57 – LANDING FEES

\*Projected FY 2016.

\*\*Budgeted FY 2017 & FY 2018.

Source: San Diego County Regional Airport Authority.

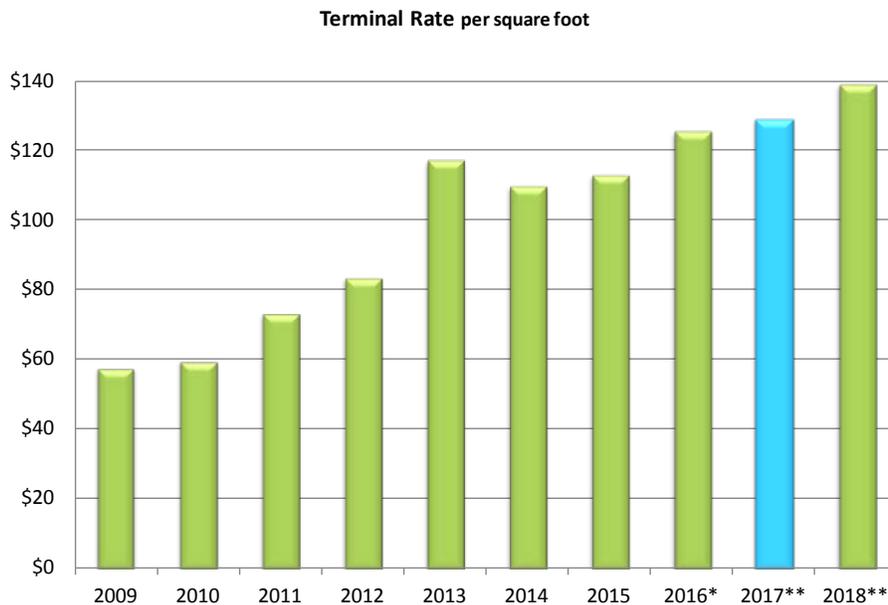
## Terminal Rates Billed to Airlines

Terminal rates are rates billed to airlines for the rent of terminal space per square foot. Beginning with FY 2005, the Security Surcharge was excluded from Terminal Rates and charged separately.

### Fiscal Years Ended June 30, 2009 to 2018

Fiscal Year	Terminal Rates Per Sq. Ft. \$ <sup>(1)</sup>	% Change
2009	57.38	-13.9%
2010	59.53	3.7%
2011	73.09	22.8%
2012	83.31	14.0%
2013	117.00	40.4%
2014	109.61	-6.3%
2015	113.01	3.1%
2016*	125.47	11.0%
2017**	128.99	2.8%
2018**	138.94	7.7%

<sup>(1)</sup> Net of janitorial credit



**FIGURE 58 – TERMINAL RATES**

\*Projected FY 2016.

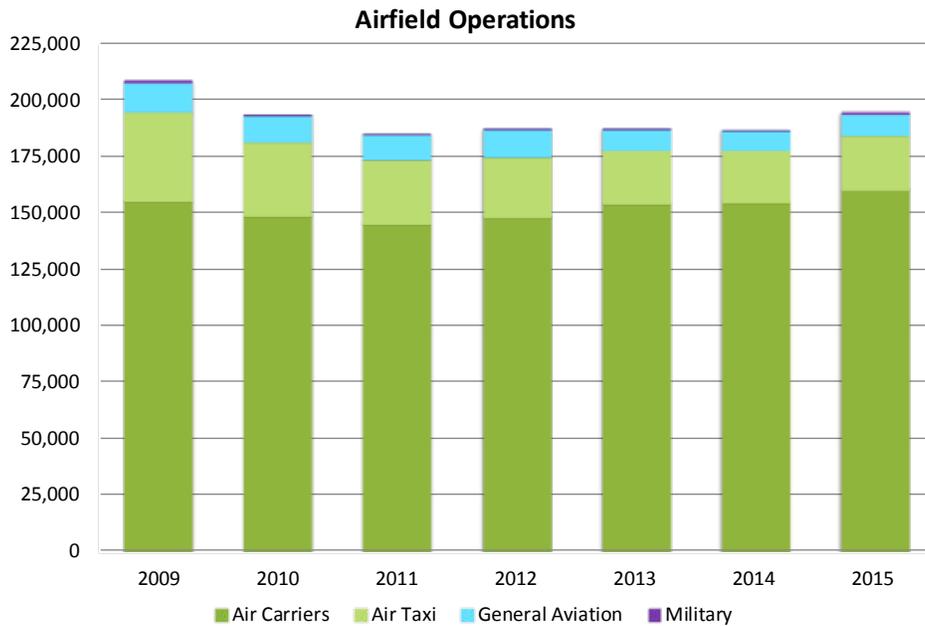
\*\*Budgeted FY 2017 & FY 2018.

Source: San Diego County Regional Airport Authority.

## Aircraft Operations (Takeoffs and Landings)

Aircraft Operations are the takeoffs and landings at SAN. They represent the level of demand for air service by the airlines operating at SAN.

Fiscal Year	Air Carriers	Air Taxi	Total	General Aviation	Military	Total
2009	155,766	39,122	194,888	12,721	1,174	208,783
2010	149,718	32,100	181,818	11,674	1,017	194,509
2011	146,215	28,273	174,488	10,938	755	186,181
2012	149,104	26,398	175,502	12,120	658	188,280
2013	154,781	23,370	178,151	9,586	567	188,304
2014	155,310	22,953	178,263	8,930	597	187,790
2015	160,726	24,336	185,062	9,534	669	195,265



**FIGURE 59 – AIRFIELD OPERATIONS**

Source: San Diego County Regional Airport Authority.

## Historical Revenue by Source

Revenue by Major Sources	FY 2009 Actuals	FY 2010 Actuals	FY 2011 Actuals	FY 2012 Actuals	FY 2013 Actuals	FY 2014 Actuals	FY 2015 Actuals	FY 2016 Budget	FY 2017 Budget	FY 2018 Conceptual Budget
Airline Revenue	\$ 56,736,422	\$ 59,397,783	\$ 64,963,067	\$ 72,430,221	\$ 89,639,923	\$ 97,876,224	\$ 102,331,098	\$ 111,189,189	\$ 117,175,589	\$ 124,253,328
Parking and Ground Transportation	31,492,190	30,295,842	34,248,867	34,648,504	39,238,955	43,029,527	45,957,705	46,816,455	51,158,738	52,200,378
Passenger Facility Charges	33,219,261	34,048,981	33,997,963	34,639,244	35,437,453	35,769,515	38,517,355	39,261,900	41,924,100	42,761,700
Customer Facility Charges <sup>(1)</sup>	1,695,270	10,782,512	10,986,467	11,486,962	19,117,217	27,545,001	32,464,843	33,070,709	37,286,862	41,489,264
Rental Car License Fees and License Fees Other	24,404,444	23,794,564	21,686,823	23,943,041	24,401,371	24,900,830	26,209,701	25,812,269	28,683,541	29,262,688
QHP & CIP Grants	24,294,567	46,348,876	40,767,277	31,846,851	29,318,938	16,298,193	22,838,755	23,219,952	12,977,849	20,762,849
Terminal Concessions	11,875,560	12,454,436	12,812,469	13,305,723	14,150,898	18,798,533	21,961,517	21,323,828	23,856,777	24,405,854
Ground Rentals	5,775,627	5,923,301	7,786,792	7,136,299	8,189,723	8,445,275	11,567,849	13,798,184	18,582,841	18,453,066
Interest Income	9,434,140	6,666,720	6,408,131	5,491,516	4,140,067	5,210,854	5,747,326	4,724,296	6,535,556	6,574,972
BAB Interest Rebate	-	-	3,691,431	4,995,921	4,778,599	4,636,215	4,631,219	4,631,219	4,631,219	4,631,219
Non-Airline Revenue - Other <sup>(2)</sup>	1,084,149	847,262	2,516,131	(785,305)	(2,355,055)	3,145,502	3,849,774	2,193,998	2,213,928	2,234,682
<b>Total Revenue</b>	<b>\$ 200,011,630</b>	<b>\$ 230,560,277</b>	<b>\$ 239,865,417</b>	<b>\$ 239,138,978</b>	<b>\$ 266,058,089</b>	<b>\$ 285,655,669</b>	<b>\$ 316,077,144</b>	<b>\$ 326,042,000</b>	<b>\$ 345,027,000</b>	<b>\$ 367,030,000</b>

<sup>(1)</sup> The Customer Facility Charges revenue started in FY 2009 after the Authority received approval from the State of California to impose a charge on rental cars at SAN.

<sup>(2)</sup> Other Operating Revenue includes finger printing fees, utilities reimbursements, service charges, equipment rental and miscellaneous revenues.

**FIGURE 60 – HISTORICAL REVENUE BY SOURCE**

## Authority's Largest Sources of Revenues

Tenant	2009	2010	2011	2012	2013	2014	2015	% of Total Operating Revenue
Southwest Airlines	\$ 17,658,629	\$ 19,428,103	\$ 21,306,108	\$ 23,357,007	\$ 27,598,908	\$ 29,548,565	\$ 33,107,335	15.7%
United Airlines	6,344,127	7,905,284	9,280,812	10,931,601	15,817,886	15,364,094	15,687,045	7.5%
Delta Airlines	4,647,333	6,663,671	8,003,895	8,911,886	10,898,540	12,005,146	13,560,515	6.4%
American Airlines	5,543,732	7,693,564	7,611,443	8,197,015	9,765,412	10,030,675	10,453,233	5.0%
Alaska Airlines	2,754,173	2,951,554	3,482,098	4,265,739	6,167,257	8,008,057	9,712,564	4.6%
Enterprise Rent-A-Car	2,501,720	2,517,682	4,431,129	7,290,392	6,934,784	7,162,116	7,998,222	3.8%
Hertz Rent-A-Car	5,816,230	5,861,737	5,635,151	5,795,690	5,961,730	6,149,759	6,236,082	3.0%
US Airways	3,478,789	3,756,383	3,899,253	4,388,522	5,408,046	5,754,465	5,434,790	2.6%
Avis Budget Rent-A-Car Group	5,505,770	3,378,607	3,842,594	4,507,266	4,697,455	4,822,212	5,131,645	2.4%
Landmark Aviation	-	-	-	-	-	2,027,308	5,042,672	2.4%

Source: San Diego County Regional Airport Authority

FIGURE 61 – AUTHORITY'S LARGEST SOURCES OF REVENUES

## Economic and Operational Trends

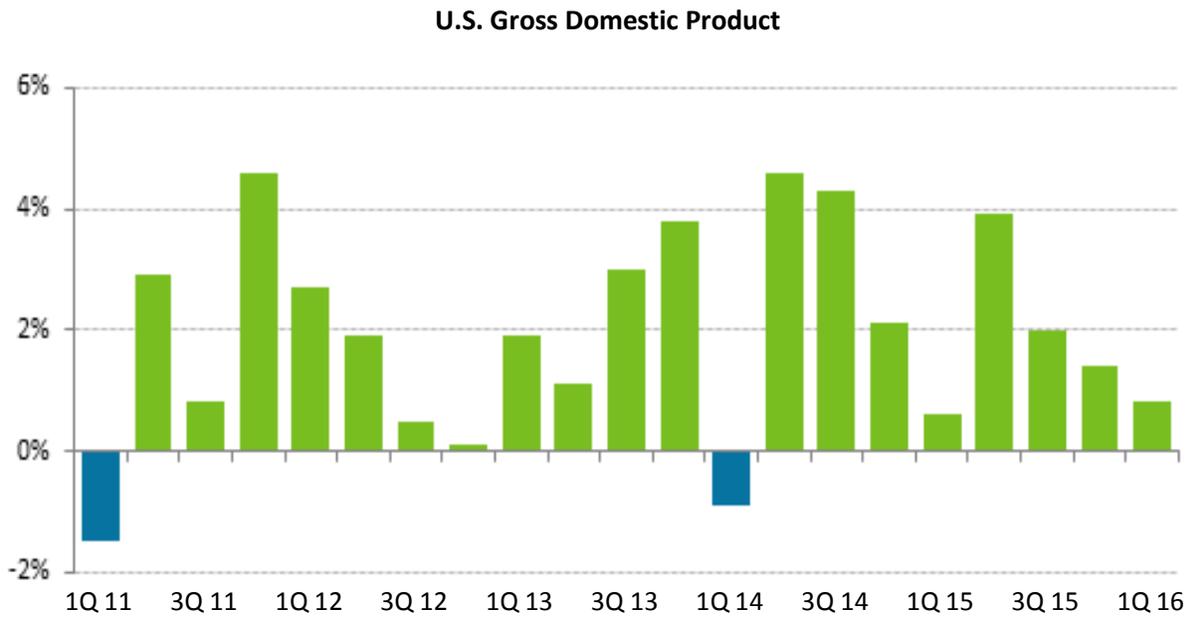


FIGURE 62 – U.S GROSS DOMESTIC PRODUCT

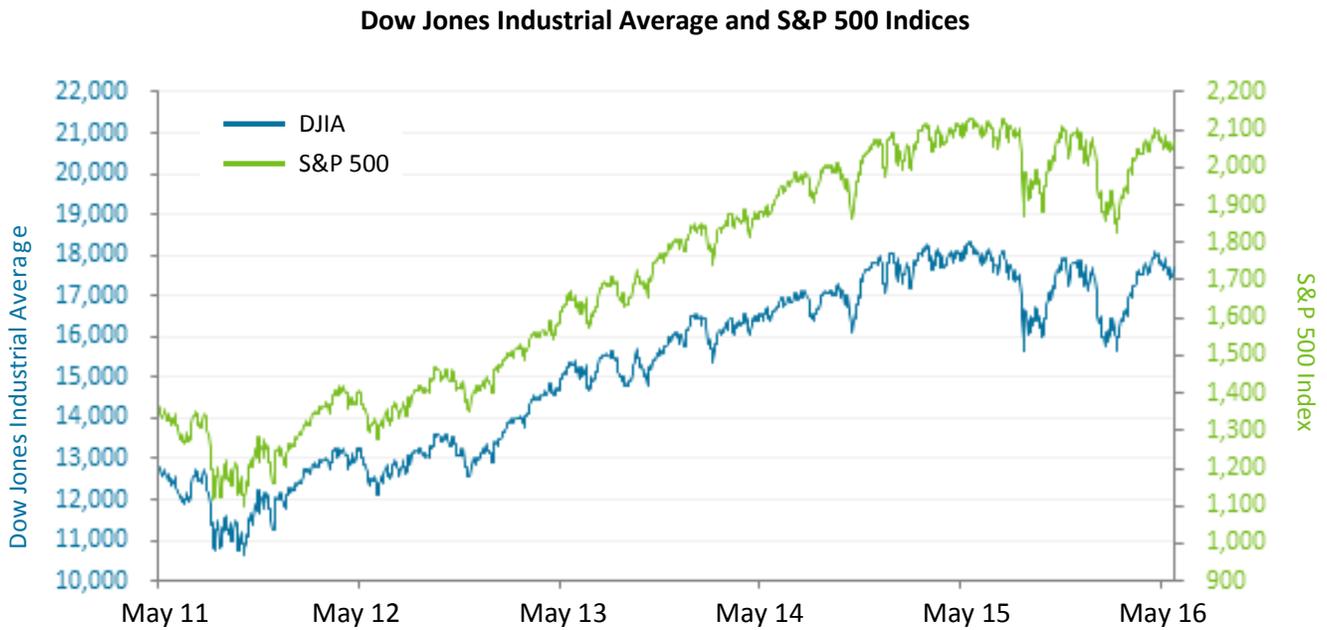


FIGURE 63 – DOW JONES INDUSTRIAL AVERAGE AND S&P 500 INDICES

## Population and Economic Metrics San Diego County (CY 2009-2016)

Calendar Year	Estimated Population <sup>(1)</sup>	% Change	Per Capita Personal Income <sup>(1)</sup>	% Change	Total Personal Income <sup>(1)</sup> <i>(in trillions)</i>	% Change
2009	3,077,633	0.9 %	\$48,464	(3.2)%	\$137.3	(3.2)%
2010	3,102,852	0.8 %	\$48,854	0.8 %	\$141.2	2.8 %
2011	3,125,734	0.7 %	\$50,652	3.7 %	\$151.5	7.3 %
2012	3,153,376	0.9 %	\$52,276	3.2 %	\$160.9	6.2 %
2013	3,176,770	0.7 %	\$52,641	0.7 %	\$165.0	2.5 %
2014	3,212,298	1.1 %	\$54,004	2.6 %	\$173.5	5.2 %
2015	3,245,170	1.0 %	\$56,109	3.9 %	\$183.8	5.9 %
2016	3,278,461	1.0 %	\$57,745	2.9 %	\$196.8	7.1 %

*Sources:*

*(1) California Department of Transportation San Diego County. 2015 and 2016 population, per capita personal income and personal income are estimates by the California Department of Transportation.*

**FIGURE 64 – POPULATION AND ECONOMIC METRICS**

## Principal Employers

### San Diego County

Employer	2016			Employer	2007		
	Local Employees	Rank	Percentage of Total Industry Employment		Local Employees	Rank	Percentage of Total Industry Employment
State of California	48,300	1	3.1%	U.S. Navy	49,000	1	3.2%
U.S. Federal Government	46,700	2	3.0%	U.S. Federal Government	38,700	2	2.5%
UC, San Diego	29,287	3	1.9%	State of California	37,100	3	2.4%
City of San Diego	19,400	4	1.2%	University of California, San Diego	24,790	4	1.6%
Sharp Health Care	16,896	5	1.1%	San Diego Unified School District	21,073	5	1.4%
Scripps Health	14,644	6	0.9%	City of San Diego	20,700	6	1.4%
Qualcomm Inc.	13,500	7	0.9%	County of San Diego	18,900	7	1.2%
Kaiser Foundation	7,535	8	0.5%	Sharp Health Care	13,269	8	0.9%
UC San Diego Health System	7,229	9	0.5%	U.S. Postal Service	11,611	9	0.8%
YMCA OF San Diego County	5,487	10	0.3%	Scripps Health	10,313	10	0.7%
Total Civilian Labor Force in San Diego County (June 2007):			1,516,100				
Total Civilian Labor Force in San Diego County (June 2016):			1,580,100				

*Source:*

*Employers - San Diego Journal Book of Lists: 2008 & 2016 Total Industry Employment - California Employment Development Department Labor Market Info June 2016 - March 2015 Benchmark*

**FIGURE 65 – PRINCIPAL EMPLOYERS**

## San Diego County Employment by Industry Sectors

<b>Industry Sectors</b>	<b>June 2015 Industry Employment</b>	<b>% of Total</b>
Trade, Transportation and Utilities	217,900	15.5%
Government	238,900	17.0%
Professional and Business Services	239,400	17.1%
Leisure and Hospitality	186,100	13.3%
Education and Health Services	193,700	13.8%
Manufacturing	98,800	7.0%
Construction and Mining	67,700	4.8%
Financial Activities	72,200	5.1%
Other Services	52,100	3.7%
Information	25,200	1.8%
Agriculture	10,900	0.8%
<b>Total</b>	<b>1,402,900</b>	

Source:

*California Employment Development Department Labor Market Info: Industry  
Employment & Labor Force, March 2014 Benchmark*

**FIGURE 66 – SAN DIEGO COUNTY EMPLOYMENT BY INDUSTRY SECTORS**

## Labor Force, Employment and Unemployment Rate

Year	Labor Force	Employment	Unemployment	Unemployment Rate	
				SD County	State
2006	1,520,474	1,457,500	60,500	4.0%	4.9%
2007	1,542,445	1,471,600	70,900	4.6%	5.4%
2008	1,548,700	1,462,300	92,900	6.0%	7.2%
2009	1,554,100	1,406,100	151,300	9.7%	11.4%
2010	1,558,200	1,393,900	164,300	10.5%	12.4%
2011	1,583,700	1,419,400	164,300	10.4%	10.7%
2012	1,598,800	1,450,600	148,200	9.3%	10.7%
2013	1,596,000	1,470,900	125,100	7.8%	9.2%
2014	1,588,500	1,491,600	96,900	6.1%	7.3%
2015	1,565,900	1,487,900	77,900	5.0%	6.2%

Source:

*California Employment Development Department Labor Market Information Division  
Unemployment Rate and Labor Force, not seasonally adjusted*

**FIGURE 67 – LABOR FORCE, EMPLOYMENT AND UNEMPLOYMENT RATE**

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# GLOSSARY

**ACCRUAL BASIS OF ACCOUNTING** – Under this method, revenue is recorded when earned and expenses are recorded when liabilities are incurred.

**AIRPORT COMMUNICATIONS CENTER (ACC)** – A centralized operations center to streamline communications for efficiency and quicker emergency response.

**AIRPORTS COUNCIL INTERNATIONAL–NORTH AMERICA (ACI-NA)** – A regional office of *Airports Council International*, the global trade representative of the world's airports, representing local, regional and state governing bodies that own and operate commercial airports in the United States and Canada. It advocates policies and provides services that strengthen the ability of commercial airports to serve their passengers, customers and communities.

**AIRPORT IMPROVEMENT PROGRAM (AIP)** – The FAA's Airport Improvement Program (AIP) provides both entitlement and discretionary grants for eligible airport projects. This program, authorized periodically by Congress, distributes the proceeds of the federal tax on airline tickets to airports, through grants, for eligible construction projects and land acquisition. See *Federal Grants*.

**AIRPORT** – Refers to the San Diego International Airport (SAN).

**AIRPORT APP AND BEACON PROGRAM** – A tiny radio frequency (RF) signal is broadcast from card-deck sized devices to Smart phones in range, providing proximity information about nearby objects and locations.

**AIRPORT AUTHORITY ACT** – California State Bill AB 93: Division 17: Chapter 1, dated January 11, 2001, which establishes the San Diego County Regional Airport Authority, as a local governmental entity.

**AIRPORT MASTER PLAN** – An airport master plan represents the approved actions to be accomplished for phased development of the airport. Master plans address the airfield, terminal, landside access improvements, modernization and expansion of existing airports, and establish the premise for site selection and planning for a new airport.

**AIRPORT NOISE COMPATIBILITY PROGRAM** – A voluntary federal program providing airport guidelines to document aircraft noise, using standards and systems to measure, estimate and describe noise, and establish programs to coordinate local land use, minimize incompatibilities and document analyses and development for FAA and public review processes.

**AIRCRAFT OPERATIONS** – The landing or takeoff of an aircraft.

**AIRPORT DEVELOPMENT PLAN** – A plan which defines phases of airport growth and improvement.

**AIRPORT REVENUE BONDS** – Bonds issued by municipality or airport authority wherein airport revenues back the tax-exempt, lower interest rate bond.

**AIRPORT LAND USE COMMISSION (ALUC)** – An agency required by state law to exist in counties served by a commercial and/or general aviation airport. The purpose of the ALUC is to protect public health, safety and welfare by ensuring the orderly development of airports and the adoption of land use measures that minimize the public's exposure to excessive noise and safety hazards within areas around public airports, to the extent that these areas are not already devoted to incompatible uses. The San Diego County Regional Airport Authority (SDCRAA) serves as the Airport Land Use Commission for airports in San Diego County.

**AIRCRAFT RESCUE AND FIRE FIGHTING (ARFF)** – A special category of firefighting that involves the response, hazard mitigation, evacuation and possible rescue of passengers and crew of an aircraft (typically) involved in an airport ground emergency.

**AUTHORITY** – Refers to the *San Diego County Regional Airport Authority (SDCRAA)*.

**AUTHORITY FUND BALANCE** – The Authority’s fund balance is generally defined as the difference between its assets and liabilities.

**AUTOMATIC VEHICLE IDENTIFICATION SYSTEM (AVI)** – An integrated, radio frequency technology (RFID) used to electronically identify and validate vehicle data.

**BUILD AMERICA BONDS (BAB)** – Taxable municipal bonds that carry special tax credits and federal subsidies for either the bond issuer or the bond holder.

**BOND COVENANT** – An agreement with bond holders, which defines the priority of payment of debt service in the use of revenues, among other things.

**BUDGET** – A financial plan for a specified period of time (FY) that matches planned expenses and revenues with planned services.

**BUDGET CALENDAR** – The schedule of key dates, or milestones, that the Authority follows in the preparation, adoption and administration of the annual budget.

**CAPITALIZED LABOR** – Personnel salaries, taxes and benefits expenses that are associated with capital projects.

**CLOSED CIRCUIT TELEVISION (CCTV)** – A television system, not publicly distributed, using strategically placed cameras monitored for surveillance and security.

**CA ENVIRONMENTAL QUALITY ACT (CEQA)** – A project undertaken by a public agency or a private activity which may cause either a direct physical change in the environment or a reasonably foreseeable indirect change in the environment must receive some discretionary approval from a government agency.

**CUSTOMER FACILITY CHARGE (CFC)** – Airport-required fees collected by car rental agencies and used to fund new car rental facilities.

**CAPITAL IMPROVEMENT PROGRAM (CIP)** – 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.

**COMPRESSED NATURAL GAS (CNG)** – Natural gas, occurring in nature as a mixture of methane and other gases, is cleaned of hydrocarbon byproducts and then compressed, creating a cleaner burning fuel.

**CONCESSIONAIRE** – A person or company having a lease, contract or operating permit arrangement with the Authority, entitling them to do business at the airport.

**CONNECTING PASSENGER** – An airline passenger who transfers from an arriving aircraft flight to a departing aircraft flight, in order to reach a final destination. (*See Enplaned Passenger.*)

**COST CENTER** – The area of an airport to which a revenue or expense is attributed, e.g., airfield, terminal, etc.

**COMMERCIAL PAPER (CP)** – Short-term promissory note issued for periods up to 270 days, with maturities commonly at 30, 60 and 90 days. The Authority currently has commercial paper programs with two series, *Alternative Minimum Tax (AMT)* and *non-AMT*.

**COST PER ENPLANED PASSENGER (CPE)** – The total annual cost of fees and charges paid by the airlines, divided by the total enplanements.

**CULTURAL DNA** – A strong, values-based organizational culture that guides future actions.

**COMMON USE PASSENGER PROCESSING SYSTEM (CUPPS)** – A common use terminal equipment system which allows airlines to operate from any ticket counter and gate, if needed. It includes a common use self-service kiosk for passenger check in.

**COMMON USE SYSTEM SUPPORT (CUSS)**– A shared service kiosk system used by multiple airlines that allow for convenient passenger check-in.

**CALENDAR YEAR (CY)** – The annual period beginning January 1<sup>st</sup> and ending December 31<sup>st</sup>.

**DISADVANTAGED BUSINESS ENTERPRISE (DBE)** – A for-profit small business where socially and economically disadvantaged individuals owning at least a 51% interest also control the management and daily business operations.

**DEBT POLICY** – A framework by which decisions are made concerning the use and management of debt, with a comprehensive financial plan used in effecting strategic initiatives.

**DEBT SERVICE** – Principal and interest payments on bonds.

**DEBT SERVICE COVERAGE** – An amount equal to 125% of the portion of Debt Service attributable to bonds, plus other such amounts as may be established by any financial agreement.

**DISCRETIONARY GRANTS** – See *Federal Grants*.

**DISADVANTAGED VETERAN BUSINESS ENTERPRISE (DVBE)** - California-specific, DGS (Department of General Services) certified program used by Disabled Veterans to do business with the state.

**ENTERPRISE CONTENT MANAGEMENT SYSTEM (ECMS)** – Strategies, methods and tools used to capture, manage, store, preserve and deliver content and documents related to organizational processes.

**ENVIRONMENTAL IMPACT REPORT (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.

**ENPLANED PASSENGER** – Any revenue passenger boarding an aircraft at the Airport, including any passenger that previously disembarked from another aircraft (see *Connecting Passenger*).

**ENTERPRISE FUND** – In governmental accounting, a fund that provides goods and services to the public for a fee that makes the entity self-supporting.

**FEDERAL AVIATION ADMINISTRATION (FAA)** – The FAA is part of the Department of Transportation (DOT) and, within the airspace of the United States, promotes air safety, regulates air commerce, controls the use of navigable airspace, develops and operates air navigation facilities, develops and operates the air traffic control system and administers federal grants for the development of public-use airports.

**FIXED BASE OPERATOR (FBO)** – Commercial business, at the Airport, authorized by the Authority to sell aviation fuels and provide other aviation-related services, primarily to General Aviation.

**FEDERAL GRANTS** – Entitlement funds, determined by a formula according to enplanements at individual airports. The Authority applies for discretionary grants of funds from the FAA through a Letter of Intent (LOI) process. Each LOI represents an intention to obligate funds from future federal budget appropriations. The issuance of a LOI is subject to receipt of Congressional appropriations for grants to airports, and does not itself constitute a binding commitment of funds by the FAA. For planning purposes, the amounts in an approved LOI from the FAA are used by the Authority as an estimate of federal discretionary grants to be received.

**FLIGHT INFORMATION DISPLAY SYSTEM (FIDS)** – Computer system used in airports to display flight information to passengers.

**FISCAL YEAR (FY)** – The annual period beginning July 1<sup>st</sup> and ending June 30<sup>th</sup>.

**GENERALLY ACCEPTED ACCOUNTING PRINCIPLES (GAAP)** – Uniform minimum standards and guidelines for accounting and financial statement reporting.

**GOVERNMENTAL ACCOUNTING STANDARDS BOARD (GASB)** – A private, non-governmental organization responsible for establishing GAAP for State and Local governments in the United States entities.

**GLOBAL ENTRY ENROLLMENT CENTER (GEEC)** – Location where low-risk travelers can apply for pre-approved, expedited clearance into the United States by Customs and Border Protection (CBP) using a kiosk located in the Federal Inspection Services (FIS) area.

**GENERAL AVIATION** – The activities of privately owned aircraft that are not used for commercial purposes, such as the movement of passengers or freight.

**INNOVATION LAB** – A physical and / or virtual space to enable and support Airport related innovations.

**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 airports.

**LOCAL BUSINESS ENTERPRISE (LBE)** – Locally-owned business which provides goods and / or services to SAN.

**LEGACY CARRIERS** – Refers to those airlines that flew interstate routes prior to the Airline Deregulation Act of 1978. U.S. legacy carriers mainly include American, Continental, Delta, Northwest, United, US Airways, Alaska and Hawaiian Airlines.

**LIQUEFIED NATURAL GAS (LNG)** – Natural gas, occurring in nature as a mixture of methane and other gases, is cleaned of hydrocarbon byproducts and then liquefied, creating a cleaner burning fuel.

**MAJOR MAINTENANCE PROGRAM** – Includes projects that are defined as major repairs to existing buildings or structures, and does not prolong or extend the estimated useful life of the asset. Major maintenance projects are generally not capitalized and are expensed in the operating budget.

**MAJOR PASSENGER AIRLINE** – U.S. designation for an air carrier with annual operating revenue of more than \$1 billion, such as American, Northwest and United Airlines. Also called a "major carrier".

**NATIONAL ENVIRONMENTAL POLICY ACT (NEPA)** – Federal agencies are required to systematically assess the environmental impacts of their proposed actions and consider alternative ways of accomplishing their missions, which are less damaging to and protective of the environment.

**NET REVENUE** – Net revenue is generally defined as operating revenue less operating expenses.

**OBJECT FREE AREA (OFA)** – Area of ground centered on runway, taxiway or taxilane centerline free of objects unnecessary for air navigation or ground maneuvering purposes.

**PROCUREMENT CARD PROGRAM (P-CARD)** – A procurement card program assists in making payments to suppliers.

**PASSENGERS DAILY EACH WAY (PDEW)** – A common measure of Origin–Destination market demand used in the airline industry and also referred to as "*Passenger trips per day each way*".

**PASSENGER FACILITY CHARGES (PFC)** – A charge 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.

**PHOTO VOLTAIC (PV)** - Panels that convert the sunlight directly into electricity.

**QUIETER HOME PROGRAM (QHP)** – See *Residential Sound Attenuation Program*.

**RENTAL CAR CENTER (RCC)** – A facility to house all rental car companies in a single building.

**RECEIVING AND DISTRIBUTION CENTER (RDC)** – A central warehouse for the delivery and distribution of goods at an airport. All supplies for the concessions within an airport, as well as authority supplies, will flow through this center.

**REGIONAL AIRLINE** – U.S. term for commercial air carrier with an annual operating revenue below \$100 million.

**RESIDENTIAL SOUND ATTENUATION PROGRAM** – Includes sound attenuation construction at all eligible single-family and multi-family dwellings, with six or fewer units, located in the Year 2000 70 dB Community Noise Equivalent Contour.

**SAN** – San Diego International Airport.

**SAN DIEGO INTERNATIONAL AIRPORT** – SAN / Airport.

**SAN DIEGO AIRLINES CONSORTIUM (SANCO)** – An association of 12 airlines providing management services for aviation and airport terminals serving San Diego.

**SMALL BUSINESS ENTERPRISE (SBE)** – Independently owned and operated for profit US business contributing to US economy, not dominant in national industry and NAICS (North American Industry Classification System) qualifies size standards by industry.

**SDCRAA** – *San Diego County Regional Airport Authority*.

**SERVICE LEVEL AGREEMENT** – Agreement between the San Diego Port District and the Authority defining the services that the Authority obtains from the Port.

**SOLID MUNICIPAL WASTE (SMW)** – Trash or waste, consisting of everyday items discarded at SAN by the public and employees.

**TELEDYNE-RYAN (TDY)** - Former Teledyne-Ryan property within the Airport footprint to be used in the SDIA Airport Development Program and Green Build project.

**TERMINAL DEVELOPMENT PROGRAM** – Planned series of various terminal and airfield improvements essential to accommodating the growing passengers' demands at SAN.

**TRANSPORTATION NETWORK COMPANY (TNC)**– Connects paying passengers with drivers who provide the transportation on their own non-commercial vehicles.



**SAN DIEGO**  
INTERNATIONAL AIRPORT

LET'S **GO.**