



# SAN DIEGO COUNTY REGIONAL AIRPORT AUTHORITY

## Board Communication

**Date:** May 15, 2013

**To:** Board Members

**From:** Vernon D. Evans, Vice President, Finance/Treasurer

**Subject:** FY 2014 Proposed & FY 2015 Proposed Conceptual Budgets

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A handwritten signature in blue ink, appearing to read "Vernon D. Evans", with several sweeping lines extending from the end of the signature.

In order to facilitate the budget workshop on May 23, 2013, I have enclosed the presentation for the FY 2014 Proposed and FY 2015 Proposed Conceptual Budgets.

Please contact me if you need any additional information or have questions.



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# San Diego County Regional Airport Authority

FY 2014 Proposed Budget & FY 2015 Proposed Conceptual Budget

May 23 Budget Workshop  
Financial Planning and Budget

- **Organizational Strategies, Goals and Priorities**
- **Economic, Industry and Credit Overview**
- **Budget Guiding Principles**
- **Budget Guidelines**
- **Budget Overview**
  - **Revenue**
  - **Expense**
- **Division Expense Budgets**
- **Proposed Capital Program FY 2014 – FY 2018**
- **Plan of Finance FY 2014 – FY 2018**
- **Conclusion**

# Organizational Strategies

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

## Employee Strategy Definition – Validation From Board

### Current

- Ensure the highest level of employee satisfaction

### Recommended Update

- Ensure the highest level of employee commitment and performance.

### Other options

- Ensure the highest level of employee engagement
- Ensure the highest level of employee performance
- Ensure the optimal utilization of human resources

# FY 2014 – 2015 Organizational Goals

- Maintain debt service coverage ratio of greater than 1.5 while sustaining CPE below \$11.00 in FY 2014
- Grow non-airline revenue by 5.2%
- Demonstrate operational efficiency by completing 100% of program milestones under Authority control on time and within budget parameters

- Revenue Enhancement
- Strategic Engagement
- Airport Development Program
- Rental Car Center (RCC)
- Green Build
- Ground Transportation
- Concessions Development Program (CDP)

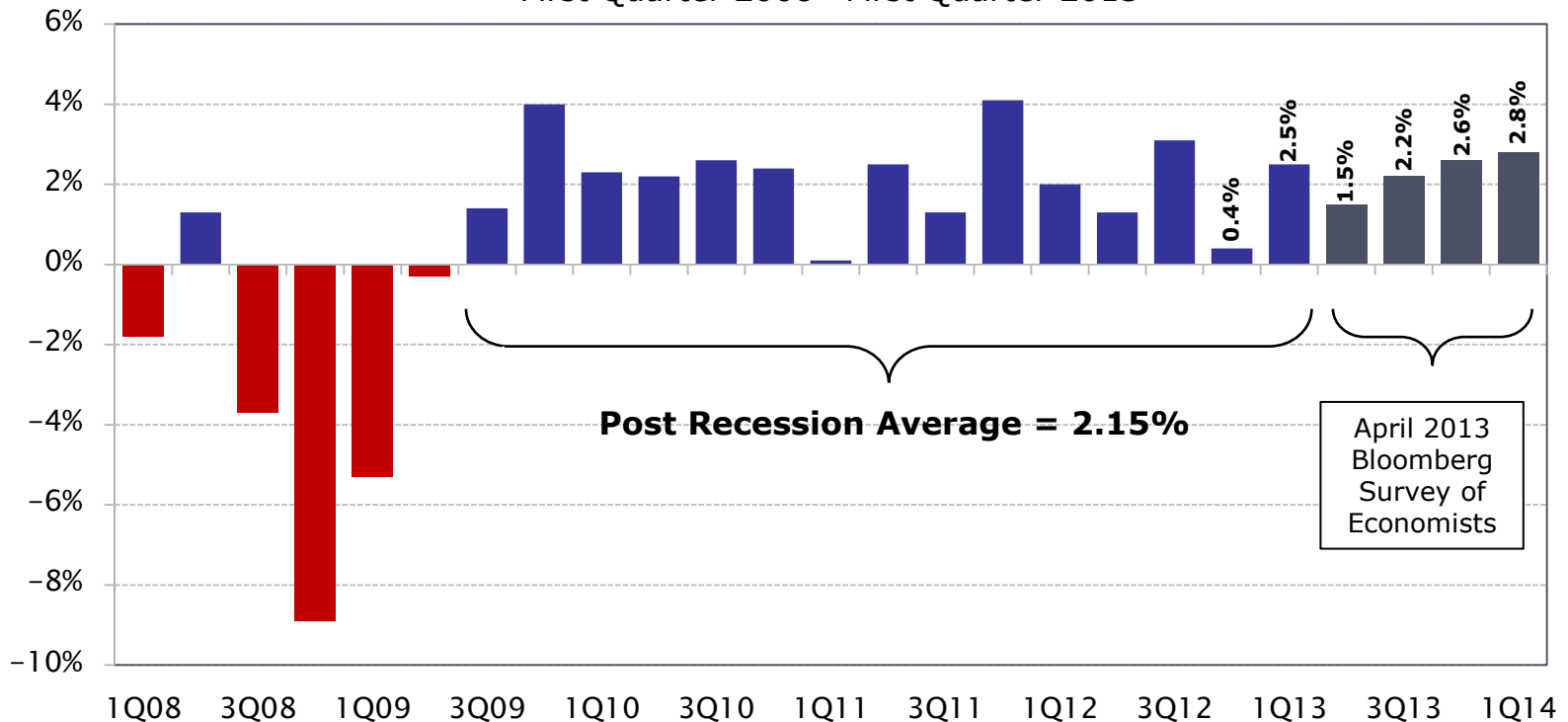


# Economic, Industry and Credit Overview

## GDP Picks up in First Quarter

- The advance estimate of first quarter U.S. Gross Domestic Product (GDP) growth came in at 2.5%, which was below the consensus estimate, but well above the 0.4% rate in the Fourth Quarter of 2012. Consumer spending, which is the biggest part of the economy, increased the most since the fourth quarter of 2010. However, GDP was held back by declines in government outlays, which declined for the 10th time in the past 11 quarters.

**U.S. Gross Domestic Product**  
First Quarter 2008– First Quarter 2013



Gross Domestic Product (GDP) is a measure of the United States' production over the quarter, often shown as quarter on quarter change. GDP includes consumption, government spending, investment, and net exports. It is the measure of economic activity in the United States.

## Equity Markets Hit New All-time Highs

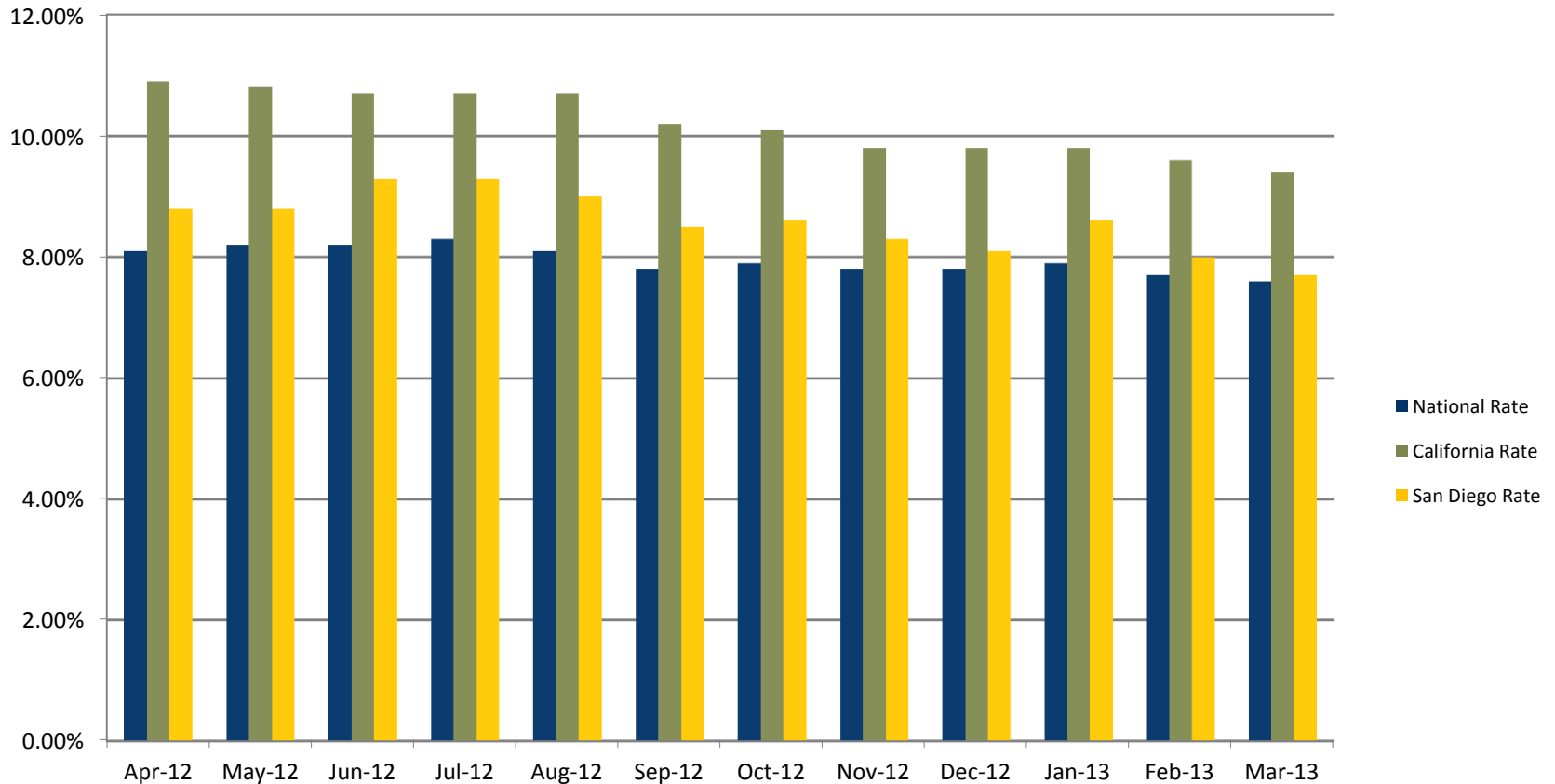
- The S&P 500 and DJIA stock indices both hit all-time highs on Friday. The increase in the stock markets have been driven by the Federal Reserve's continued accommodative posture, generally favorable earnings reports, and April's better than expected jobs report. Year-to-date, the DJIA is up 14.3% and the S&P 500 is up 13.2%.

**Dow Jones Industrial and S&P 500 Indices**  
May 1, 2008 – May 3, 2013



## Unemployment Rates

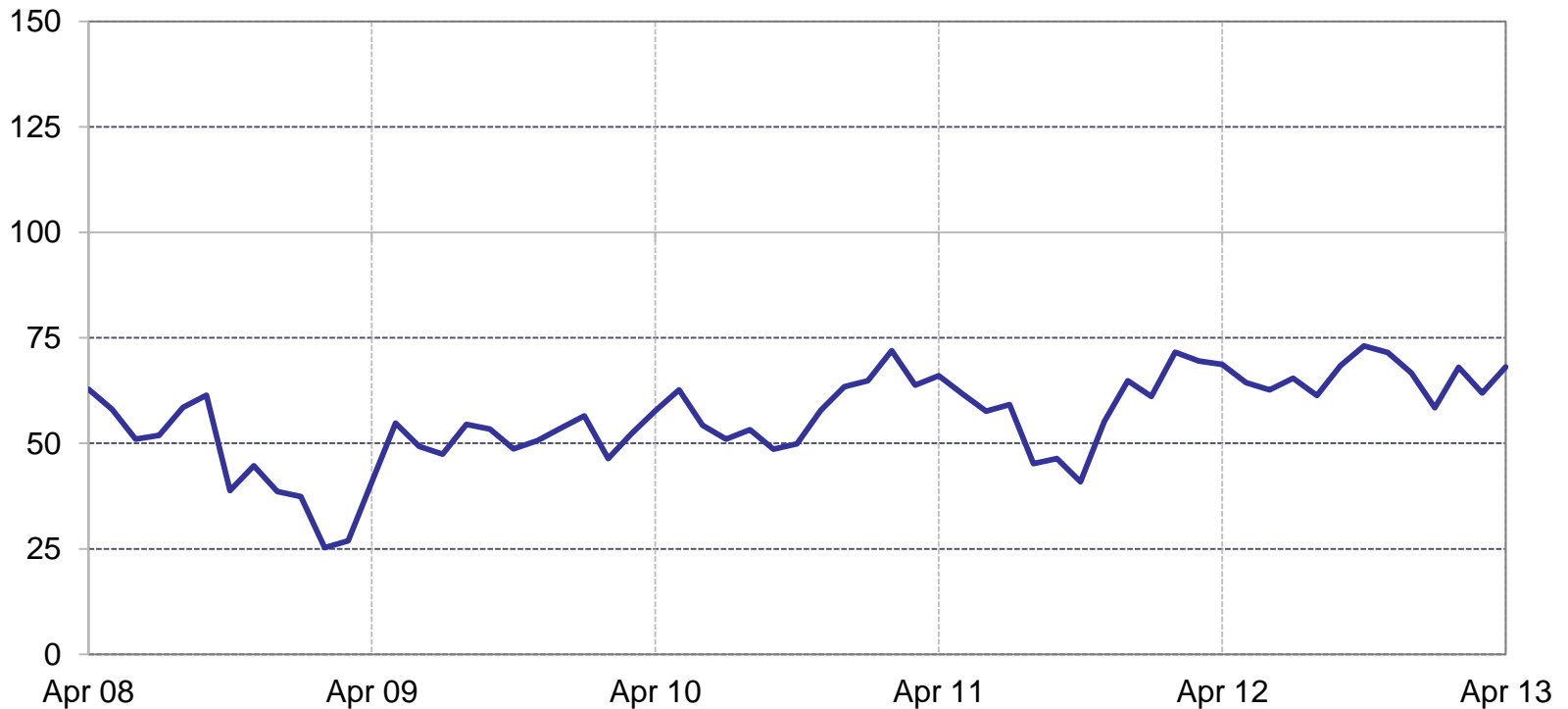
- The April employment report came in with an increase of 165,000 jobs, which was better than expected and roughly inline with the 169,000 jobs per month employment growth the economy has averaged over the past 12 months. The February and March report were also revised upward by a combined 114,000 jobs



## Consumer Confidence Improves in April

- The Consumer Confidence Index improved in April to 68.1 from 61.9 in March. Consumers assessment of current conditions improved modestly while consumers were decidedly more optimistic about future conditions. However, it is unclear how these expectations will play out in coming months. Consumer confidence has been volatile over the past several months as consumers have reacted to a range of events, such as the payroll tax hike, the fiscal cliff and the sequester.

**Consumer Confidence Index**  
April 2008 – April 2013



## Existing Home Sales Trending Higher

- Existing home sales decreased by 0.6% in March to a seasonally adjusted annualized rate of 4.98 million units down from a downwardly revised rate of 4.95 million units in February.
- Although down for the month, existing home sales are up 10.3% over their 4.46 million annual rate in March 2012. The general upward trend in sales during the past year along with price improvements and decreases in inventory, suggest that the housing market recovery is continuing.

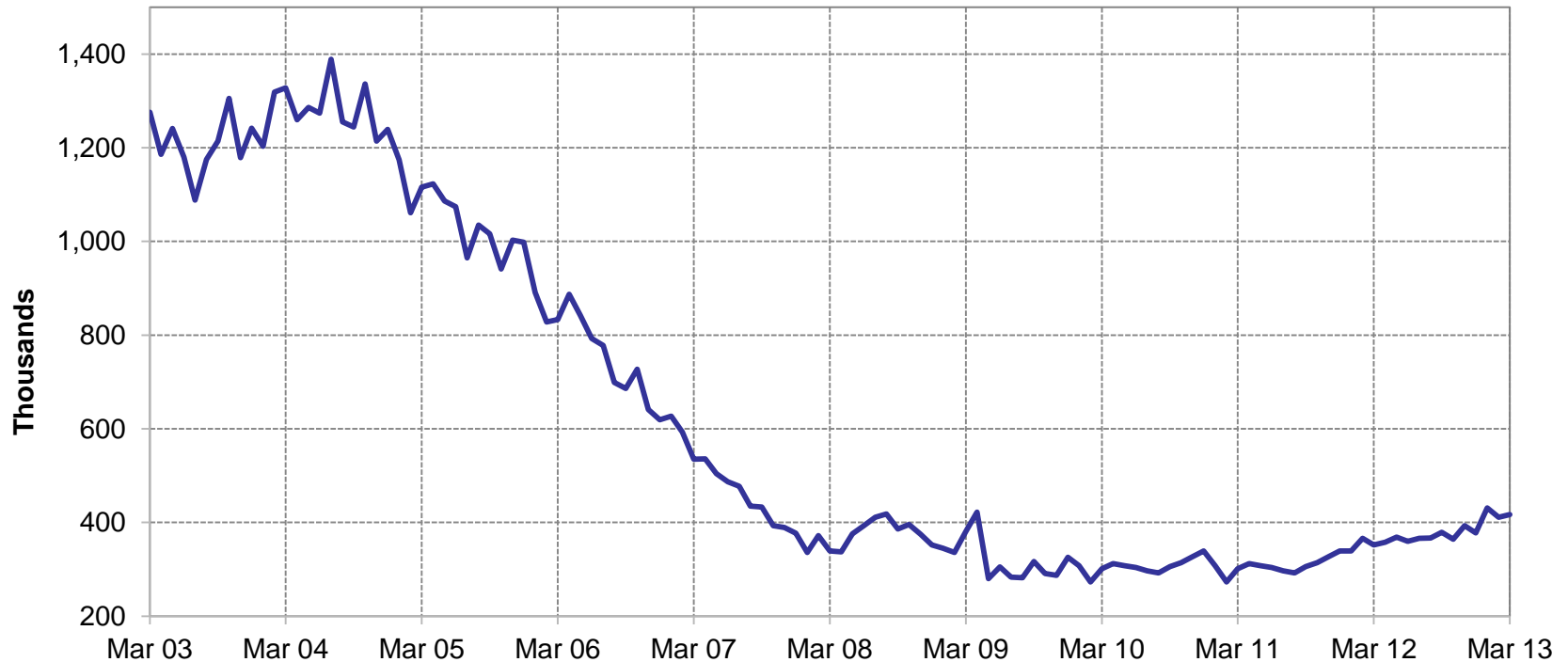
**U.S. Existing Home Sales (MoM index)**  
March 2003 – March 2013



## New Home Sales Up in March

- After falling in February, new home sales increased by 1.5% in March to a seasonally adjusted annualized rate of 417,000 units. Furthermore, new home sales were up 18.5% over their 352,000 annual rate in March 2012.

**U.S. New Home Sales (MoM)**  
March 2003 – March 2013



## Oil Prices Up In Recent Weeks

- Oil (WTI spot) closed at \$94.09 on April 29th. Although spot oil prices were up over 8% compared their most recent low of \$86.65 on April 17th, the 30-day moving average at \$91.93 is down \$1.15 compared to the prior 30 day average.

**West Texas Intermediate Oil Price Per Barrel (WTI Spot)**  
April 1, 2008 – April 29, 2013





## Jet Fuel Prices Up Off Recent Lows

- Jet fuel closed at \$2.76 on April 29th up from its most recent low of \$2.64 on April 17th. However, jet fuel prices have averaged \$2.81 over the past 30 days, which is down \$0.16 compared to the prior 30 day average.

### U.S. Gulf Coast Kerosene-Type Jet Fuel Spot Price FOB

April 1, 2008 – April 29, 2013

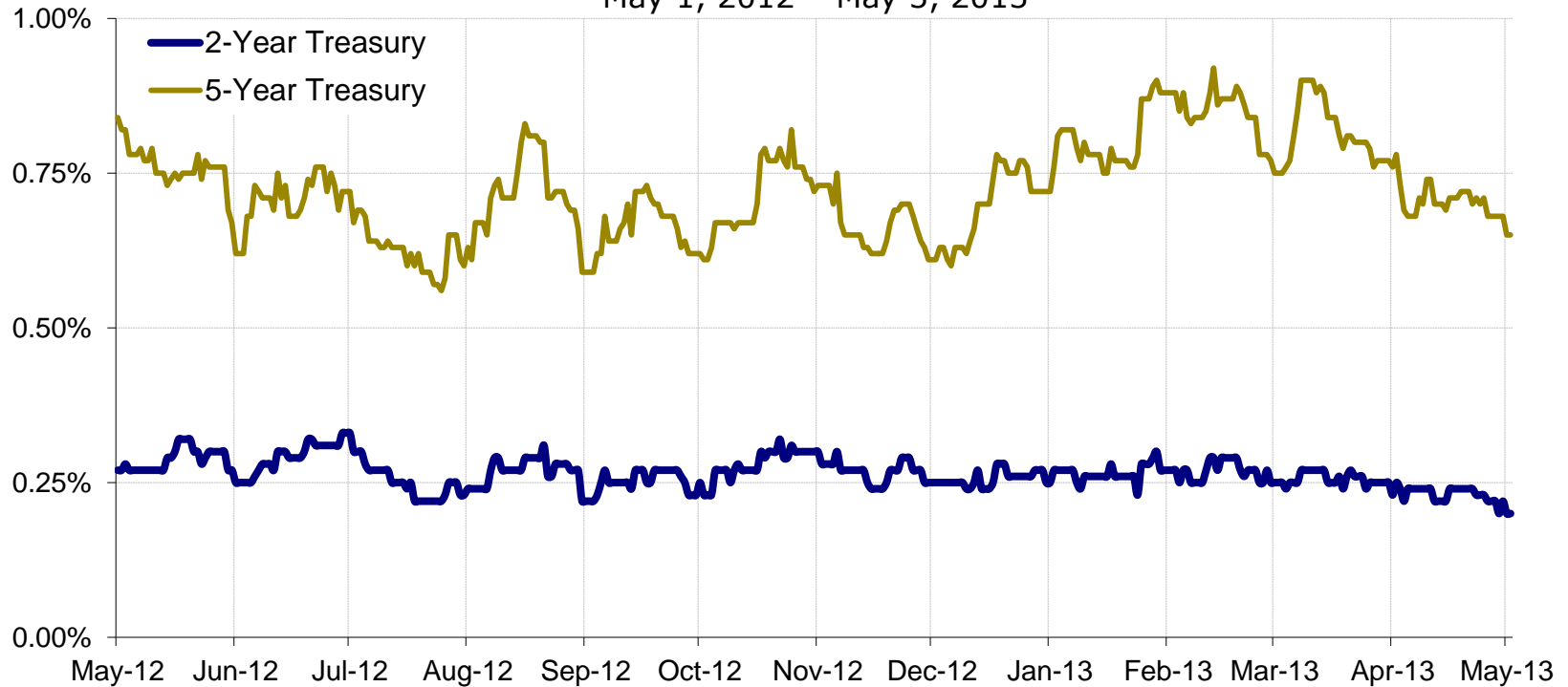


## U.S. Treasury Yield History

- Treasury yields have remained range bound for the past year. Short-term Treasury yields have traded in a very narrow range tied to the Federal Funds target rate. Longer-term Treasury yields have been more volatile based on economic expectations. At the start of 2013, longer-term yields had risen towards the higher end of their trading range on favorable economic releases. However, they have fallen towards the lower end of their trading range on weaker economic news in the U.S. and renewed uncertainty in Europe. However, rates rebounded somewhat following Friday's better than expected jobs report, which suggested that the economy might be stronger than anticipated..

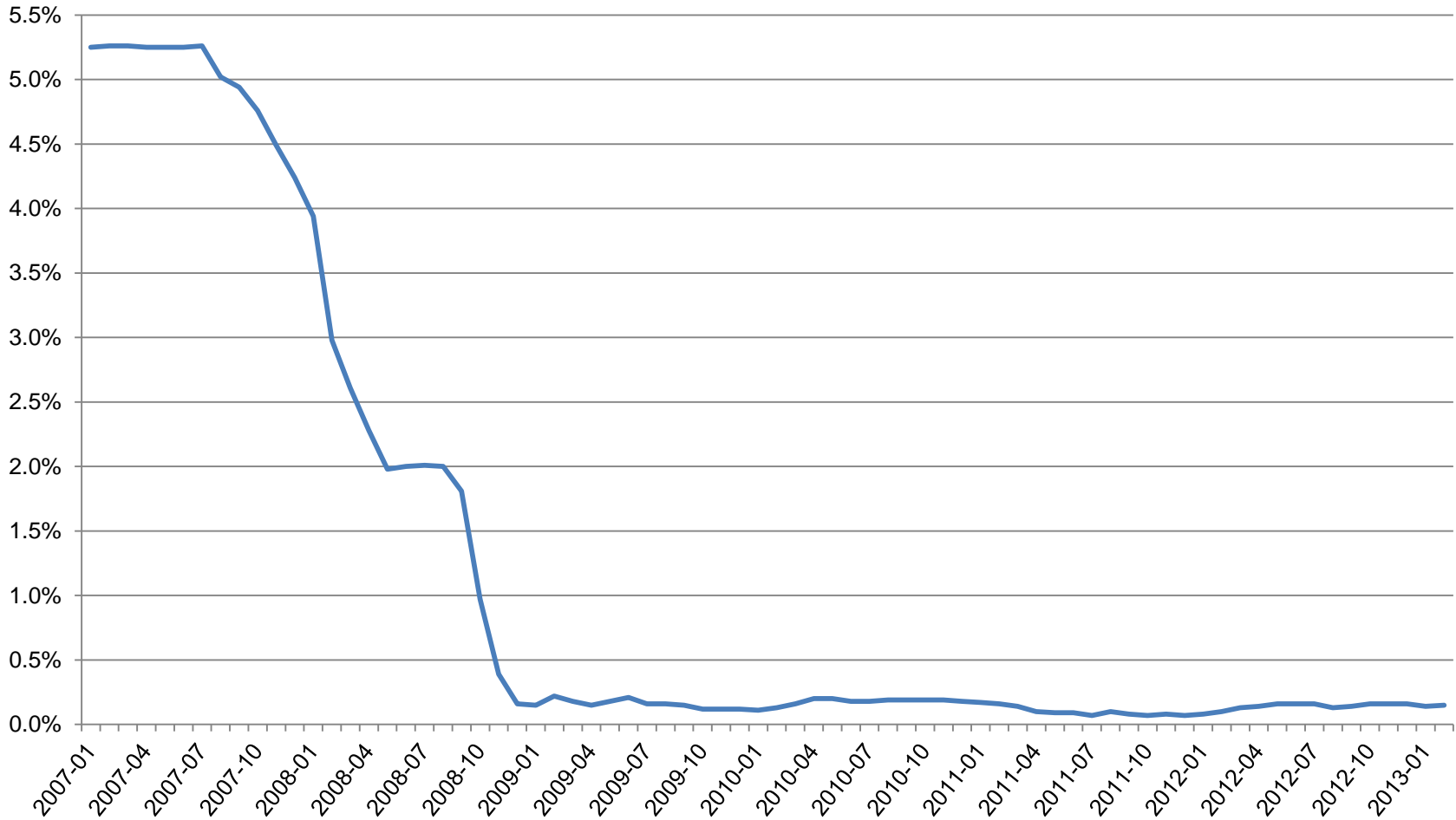
### 2- and 5-year U.S. Treasury Yields

May 1, 2012 – May 3, 2013



### Federal Funds Interest Rates

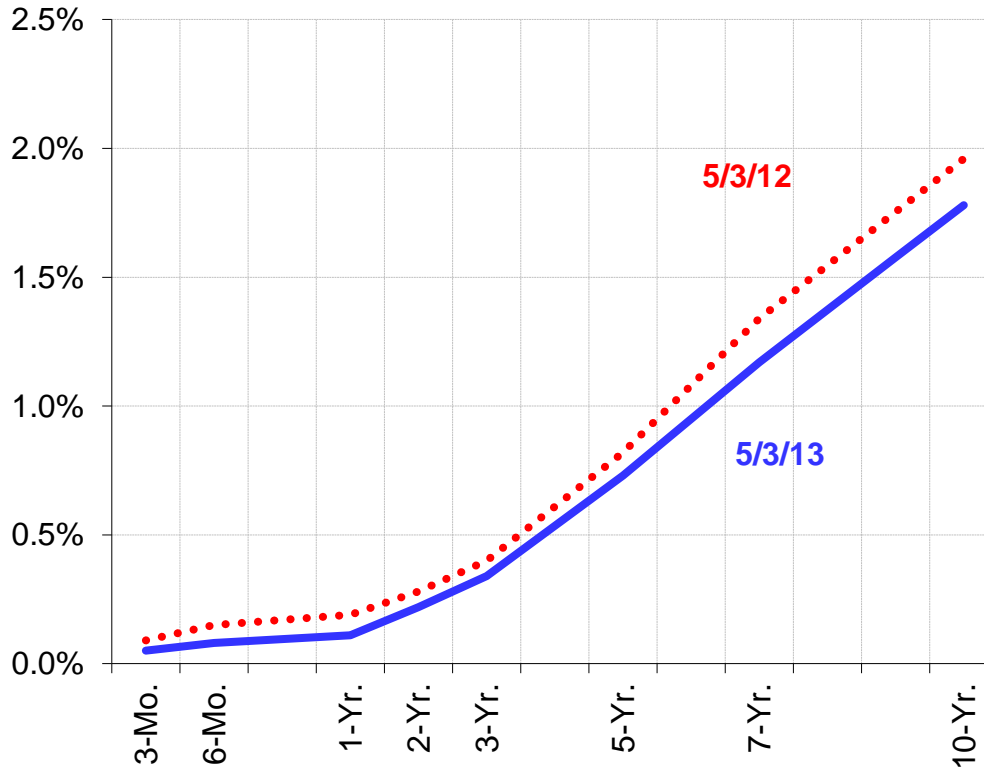
- Interest rates remain near historical lows
- Federal Funds interest has been at 0-0.25% since December 2008



## U.S. Treasury Yield Curve Flattens

- The Treasury yield curve has flattened compared to a year ago. Short-term yields remain range bound tied to the Federal Funds rate. Recently, longer-term yields had fallen towards the lower end of their trading range driven by weaker economic news in the U.S. However, rates rebounded somewhat following Friday's better than expected jobs report, which suggested that the economy might be stronger than anticipated.

**U.S. Treasury Yield Curve**  
May 3, 2012 versus May 3, 2013



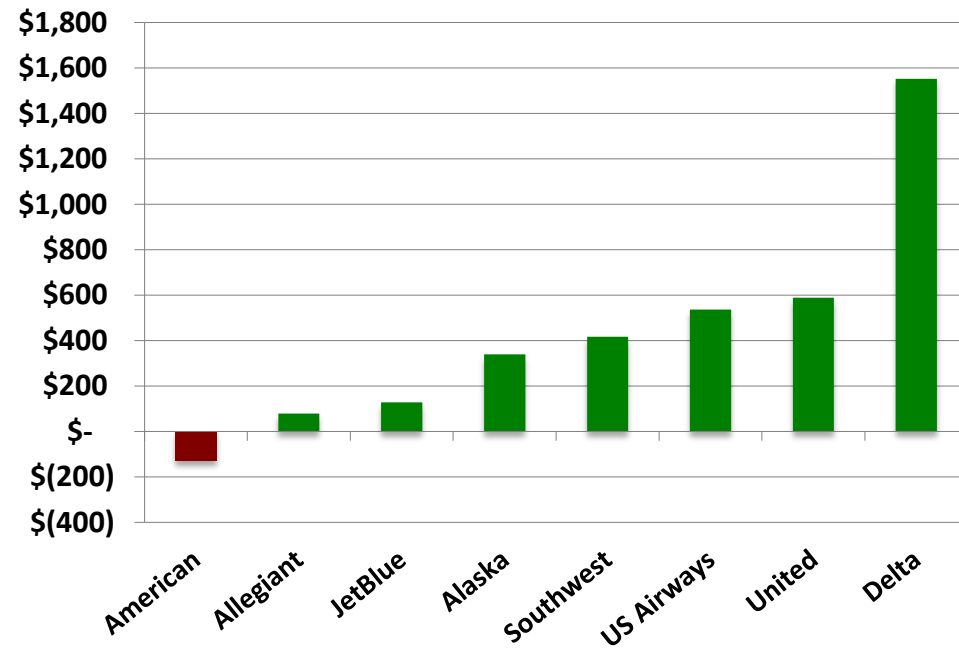
|               | 5/3/12 | 5/3/13 | Change  |
|---------------|--------|--------|---------|
| <b>3-Mo.</b>  | 0.09%  | 0.05%  | (0.04%) |
| <b>6-Mo.</b>  | 0.15%  | 0.08%  | (0.07%) |
| <b>1-Yr.</b>  | 0.19%  | 0.11%  | (0.08%) |
| <b>2-Yr.</b>  | 0.28%  | 0.22%  | (0.06%) |
| <b>3-Yr.</b>  | 0.40%  | 0.34%  | (0.06%) |
| <b>5-Yr.</b>  | 0.82%  | 0.73%  | (0.09%) |
| <b>10-Yr.</b> | 1.96%  | 1.78%  | (0.18%) |
| <b>20-Yr.</b> | 2.72%  | 2.58%  | (0.14%) |
| <b>30-Yr.</b> | 3.12%  | 2.96%  | (0.16%) |

## Airline Industry Overview

- ▶ The top ten U.S. airlines realized a \$3.5B profit (excluding special items) in 2012, as a combination of prudent capacity management, rising airfares, cost-cutting measures, and the divestiture of services from base fares to generate ancillary revenues. Also, most airlines net income excluding special items show a profit for Q1 2013\*.
- ▶ Fares have continued increasing as fuel costs remain high.
- ▶ Continued industry focus on route profitability rather than competition.
- ▶ Mainline capacity guidance for most airlines is projected to trend upward for FY 2013\*\*.
- ▶ Industry consolidation with American Airlines merger with US Airways which may reduce flights at some airports as routes are rationalized.
- ▶ Japan Airlines increases to daily flights between Tokyo and San Diego with Boeing 787 Dreamliner beginning June 1, 2013.

2012 US Airline Net Income (ex. special items)

(in millions)



\* United Airlines showed a loss for Q1 2013

\*\* United Airlines down, Southwest flat. No data available for American Airlines

## U.S. Airports Outlook

### Moody's

- Outlook for US airport sector changed from negative to stable
- Federal funding of airport-related activities remains uncertain
- Economic conditions remain sluggish
- Airport financials have strengthened but remained below pre-recession highs
- Risks to discretionary travel remain doubly affected by lower take home pay and higher airfares

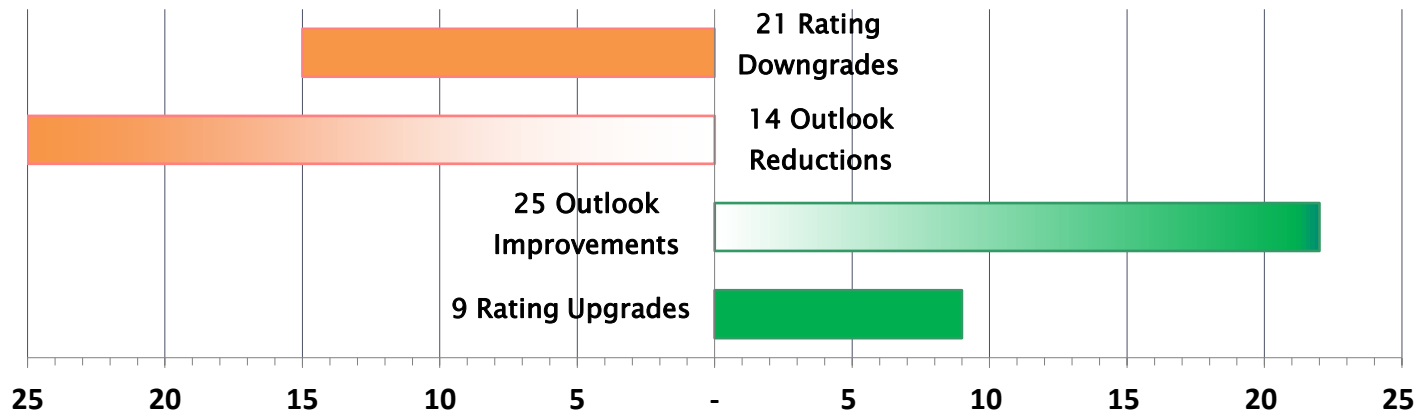
*Source: Moody's Investors Service*

### Other

- Sequestration effect
  - Build America Bond (BAB) Rebate cuts
  - Carryover Airport Improvement Program funding being used in lieu of furloughs

## Airport Revenue Rating Actions

Number of Airport Rating Actions  
April 2012 – April 2013



Through fiscal prudence, the Authority continues to maintain current strong A1 /A+ credit rating.

## SDCRAA is a Strong 'A1 /A+' Credit

- Regional economy supports strong O&D market covering the 2<sup>nd</sup> largest city and county in California
- Diverse carrier base with 13 domestic and 5 foreign flag carriers
- Conservative Board policies governing financial management
- Experienced proactive management team composed of seasoned professionals
- Green Build is on time, under budget and the January 2013 bond issuance completed its debt funding
- Solid financial operations and liquidity
- Strong debt service coverage
- Conservative plan of finance



# Budget Guiding Principles

- Improve Net Operating Income through revenue growth and cost containment
- Maintain current bond rating (A1 / A+)
- Ensure North Side Development support
- Ensure adequate funding for safety & security
- Address regulatory, legal, & contractual requirements
- Address maintenance needs of new and aging facilities
- Continue to serve the region with a high level of customer service
- Promote new domestic and international air service
- Enhance staff performance, capacity and efficiency

# Budget Guidelines

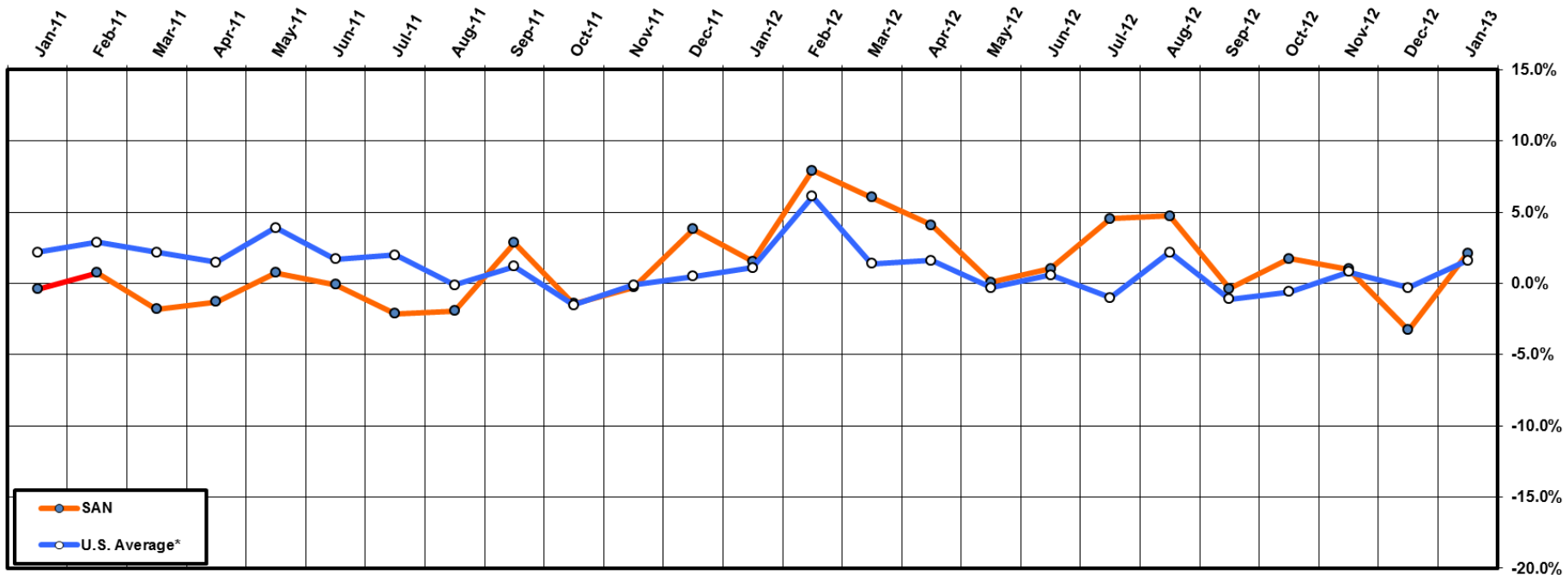
- Adhere to the 5 organizational strategies
- Focus on organizational goals and priorities
- Justify all positions
- Strive to keep non-personnel expenses flat to FY 2014 conceptual budget
- Limit FY 2015 budget increases to 2%
- Identify/develop new or enhanced revenues

# Budget Overview

# Revenue Budget Overview

- SDIA traffic growth has usually matched or exceeded national averages in recent months

## TOTAL EPAX - % CHANGE OVER PRIOR YEAR



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

## FY 2014 – 2015 Proposed Budget Assumptions

### ➤ Enplanements

- FY 2014 Proposed Budget of 8,800K
  - 2.3% increase over FY 2013 Budget of 8,606K
  - 0.7% increase over FY 2013 Forecast of 8,736K
  - 1.2% increase over FY 2014 Conceptual Budget of 8,692K
- FY 2015 Proposed Conceptual Budget of 8,976K, 2.0% increase over FY 2014 Proposed Budget of 8,800K

| Fiscal Year             | FY13 Budget–<br>Enplanements (000's) | %<br>Change | Updated<br>Enplanements<br>(000's) | %<br>Change | Change | %<br>Change |
|-------------------------|--------------------------------------|-------------|------------------------------------|-------------|--------|-------------|
| 2012<br>Actuals         | 8,575                                | 1.6%        | 8,575                              |             | –      | 0.0%        |
| 2013<br>Budget/Forecast | 8,606                                | 0.4%        | 8,736                              | 1.9%        | 130    | 1.5%        |
| 2014                    | 8,692                                | 1.0%        | 8,800                              | 0.7%        | 108    | 1.2%        |
| 2015                    | 8,822                                | 1.5%        | 8,976                              | 2.0%        | 154    | 1.7%        |

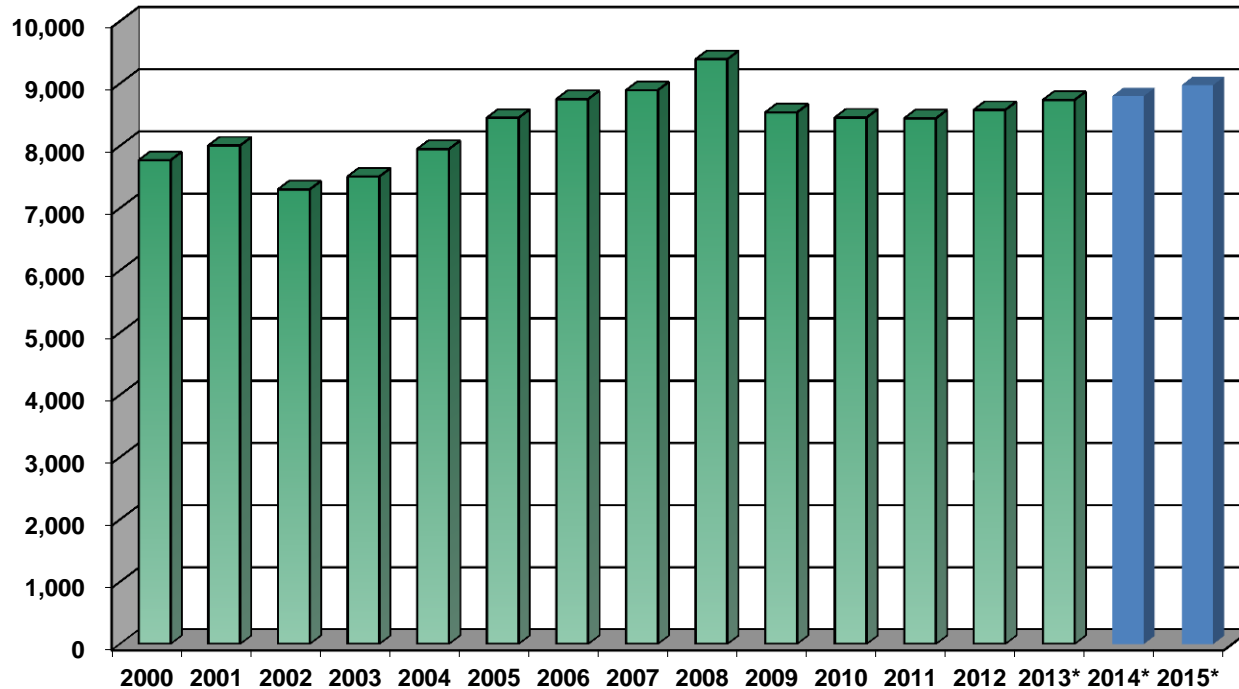


### FY 2014 – 2015 Proposed Budget Assumptions

### SDIA Passenger Traffic

(in thousands)

**Enplaned Passengers**



**Annual Enplaned Passengers**

| Fiscal Year | Enplaned Passengers | % Change |
|-------------|---------------------|----------|
| 2000        | 7,768               | 2.8%     |
| 2001        | 8,004               | 3.0%     |
| 2002        | 7,300               | -8.8%    |
| 2003        | 7,506               | 2.8%     |
| 2004        | 7,947               | 5.9%     |
| 2005        | 8,449               | 6.3%     |
| 2006        | 8,750               | 3.6%     |
| 2007        | 8,892               | 1.6%     |
| 2008        | 9,389               | 5.6%     |
| 2009        | 8,536               | -9.1%    |
| 2010        | 8,454               | -1.0%    |
| 2011        | 8,441               | -0.2%    |
| 2012        | 8,575               | 1.6%     |
| 2013*       | 8,736               | 1.9%     |
| 2014*       | 8,800               | 0.7%     |
| 2015*       | 8,976               | 2.0%     |

\* Forecasted FY 2013 and Budgeted FY 2014 & FY 2015

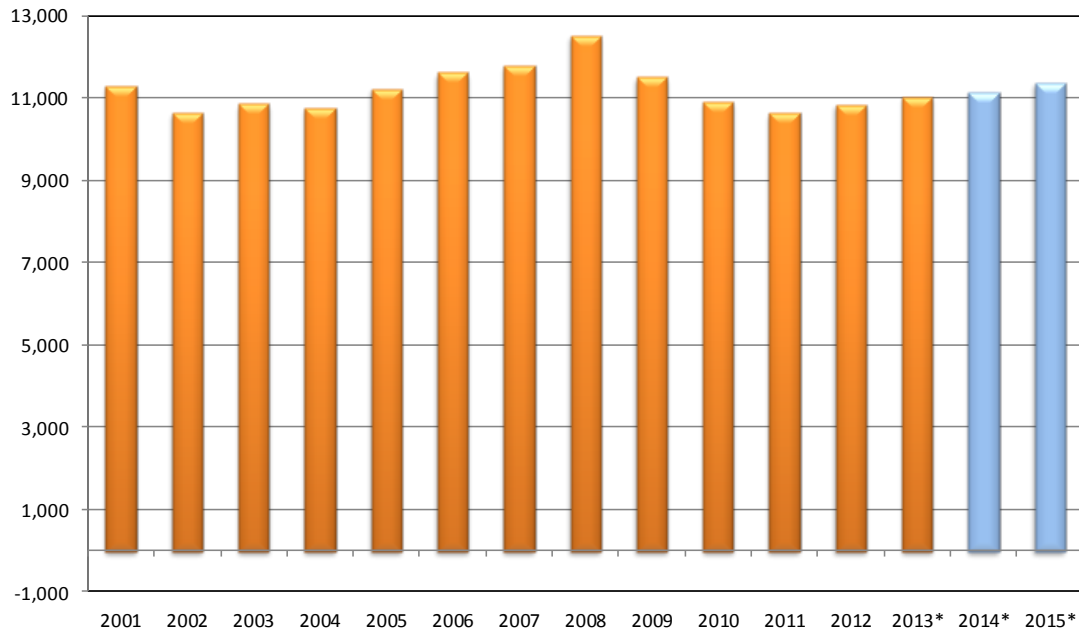
## FY 2014 – 2015 Proposed Budget Assumptions

### ➤ Landed Weight

- FY 2014 Proposed Budget landed weight 11,126M lbs
  - 0.8% increase over FY 2013 Budget of 11,034M lbs
  - 1.1% increase over FY 2013 Forecast of 11,010M lbs
  - 0.3% increase over FY 2014 Conceptual Budget of 11,098M lbs
- FY 2015 Proposed Conceptual Budget landed weight of 11,349M lbs, 2.0% increase over FY 2014 Proposed Budget of 11,126M lbs

## FY 2014 – 2015 Proposed Budget Assumptions

### SDIA Landed Weight



| Fiscal Year | Aircraft Landed Weight (Million lbs) | % Change |
|-------------|--------------------------------------|----------|
| 2000        | 11,106                               | 1.8%     |
| 2001        | 11,275                               | 1.5%     |
| 2002        | 10,626                               | -5.8%    |
| 2003        | 10,841                               | 2.0%     |
| 2004        | 10,749                               | -0.9%    |
| 2005        | 11,200                               | 4.2%     |
| 2006        | 11,605                               | 3.6%     |
| 2007        | 11,774                               | 1.5%     |
| 2008        | 12,501                               | 6.2%     |
| 2009        | 11,497                               | -8.0%    |
| 2010        | 10,893                               | -5.3%    |
| 2011        | 10,606                               | -2.6%    |
| 2012        | 10,820                               | 2.0%     |
| 2013*       | 11,010                               | 1.8%     |
| 2014*       | 11,126                               | 1.1%     |
| 2015*       | 11,349                               | 2.0%     |

\* Forecasted FY 2013 and Budgeted FY 2014 & 2015

## FY 2014 – 2015 Proposed Budget Assumptions

- Reopening of short-term parking and general rate increase in FY 2015
- New airline operating agreement financial terms substantially unchanged
- Concession Development Program (CDP) continues through FY 2014 with expected completion in August 2014
- Opening of new Fixed Base Operator (FBO) – beginning FY 2015
- Ground transportation
  - FY 2014 Proposed Budget increase of cost recovery from 75% to 100%.
  - FY 2015 Proposed Conceptual Budget incentive program–unconverted premium reinstated at 75%

### Ground Transportation Permit and Trip Fees

| Mode   | FY13 Actual Fees                              |                                   | FY14 Proposed Fees               |                                   | FY15 Estimated Fees             |                                    | FY16 Estimated Fees             |                                     |
|--|---|-----------------------------------|----------------------------------|-----------------------------------|---------------------------------|------------------------------------|---------------------------------|-------------------------------------|
|  | Includes AFV <sup>1</sup><br>100%<br>Discount | Includes Non AFV<br>0%<br>Premium | Includes AFV<br>100%<br>Discount | Includes Non AFV<br>0%<br>Premium | Includes AFV<br>25%<br>Discount | Includes Non AFV<br>75%<br>Premium | Includes AFV<br>10%<br>Discount | Includes Non AFV<br>100%<br>Premium |
| <b>Taxi Cab Trip Fee</b>                     | \$ 1.50                                       | \$ 1.50                           | \$ 2.00                          | \$ 2.00                           | \$ 2.00                         | \$ 2.00                            | \$ 2.00                         | \$ 2.00                             |
| <b>Taxi Cab "All Day" Permit<sup>2</sup></b> | \$ -  | \$ 590                            | \$ -                             | \$ 571                            | \$ - <sup>3</sup>               | \$ 1,377                           | \$2,762                         | \$ 7,915                            |
| <b>Supershuttle</b>                          | \$ -  | \$ 781                            | \$ -                             | \$ 907                            | \$ 715                          | \$ 1,669                           | \$1,388                         | \$ 3,085                            |
| <b>Primetime/SDCASA Shuttles</b>             | \$ -  | \$ 3,838                          | \$ -                             | \$ 5,028                          | \$ 3,752                        | \$ 8,754                           | \$5,051                         | \$11,223                            |
| <b>Limousines</b>                            | \$ -  | \$ 75                             | \$ -                             | \$ 104                            | \$ 83                           | \$ 194                             | \$ 171                          | \$ 380                              |
| <b>Hotel/Motel</b>                           | \$ -  | \$ 1,232                          | \$ -                             | \$ 1,610                          | \$ 1,284                        | \$ 2,997                           | \$2,654                         | \$ 5,897                            |
| <b>Off Airport Parking</b>                   | \$ -  | \$ 3,215                          | \$ -                             | \$ 5,006                          | \$ 3,995                        | \$ 9,321                           | \$8,253                         | \$18,341                            |

<sup>1</sup>AFV refers to Alternative Fuel Vehicles

<sup>2</sup> Taxi Cabs with only "A" and "B" permits also have a trip fee of \$2.00 (\$1.50 in FY13) but permit fees are 50% of "All Day" permit fees.

<sup>3</sup> Permit Fee reduction according to AFV Taxi Cab conversion incentive fully offsets permit fee for FY14 and FY15. In FY16 there is an \$800 maximum reduction in the permit as per the AFV Taxi Cab conversion incentive. Converted "All Day" Cabs also receive a cash incentive payment of \$2,500 in FY13, \$2,000 in FY14 and \$500 in FY15. ("A" and "B" permits receive 50% of this cash incentive).

## FY 2014 – 2015 Revenue Summary

|   | FY 2012<br>Actuals    | FY 2013<br>Budget     | FY 2014<br>Conceptual<br>Budget | FY2014<br>Proposed<br>Budget | Inc/(Dec)<br>FY14 Proposed<br>vs FY13 Budget | %<br>Change  | Inc/(Dec)<br>FY14 Proposed vs<br>FY14 Conceptual | %<br>Change  | FY2015<br>Conceptual<br>Budget | Inc/(Dec)<br>FY15 Conceptual<br>vs FY14 Proposed | %<br>Change  |
|---|-----------------------|-----------------------|---------------------------------|------------------------------|--|--------------|--|--------------|--------------------------------|--|--------------|
| <b>Operating Revenue:</b>                     |                       |                       |                                 |                              |  |              |  |              |                                |  |              |
| <b>Airline Revenue</b>                        |                       |                       |                                 |                              |  |              |  |              |                                |  |              |
| Landing Fees                                  | \$ 18,419,244         | \$ 21,092,400         | \$ 21,327,500                   | \$ 21,814,724                | \$ 722,324                                   | 3.4%         | \$ 487,224                                       | 2.3%         | \$ 24,055,014                  | \$ 2,240,290                                     | 10.3%        |
| Aircraft Parking Fees                         | 3,134,539             | 3,299,900             | 3,262,900                       | 2,559,493                    | (740,407)                                    | -22.4%       | (703,407)  | -21.6%       | 2,799,267                      | 239,773  | 9.4%         |
| Building Rentals                              | 30,632,762            | 43,356,900            | 47,631,200                      | 45,869,700                   | 2,512,800                                    | 5.8%         | (1,761,500)                                      | -3.7%        | 47,237,652                     | 1,367,951  | 3.0%         |
| Common Use System Support Charges             | -                     | -                     | -                               | 1,116,900                    | 1,116,900                                    | -            | 1,116,900  | -            | 1,116,900                      | -  | -            |
| Other Aviation Revenue                        | 1,594,529             | 1,584,300             | 1,587,500                       | 1,592,288                    | 7,988  | 0.5%         | 4,788  | 0.3%         | 1,595,586                      | 3,298  | 0.2%         |
| Security Surcharge                            | 18,649,147            | 20,629,100            | 23,676,600                      | 24,969,500                   | 4,340,400                                    | 21.0%        | 1,292,900  | 5.5%         | 27,091,200                     | 2,121,700  | 8.5%         |
| <b>Total Airline Revenue</b>                  | <b>72,430,221</b>     | <b>89,962,600</b>     | <b>97,485,700</b>               | <b>97,922,606</b>            | <b>7,960,006</b>                             | <b>8.8%</b>  | <b>436,906</b>                                   | <b>0.4%</b>  | <b>103,895,618</b>             | <b>5,973,012</b>                                 | <b>6.1%</b>  |
| <b>Nonairline Revenue</b>                     |                       |                       |                                 |                              |  |              |  |              |                                |  |              |
| Terminal rent non-Airline                     | 907,264               | 959,811               | 1,000,463                       | 1,024,234                    | 64,423                                       | 6.7%         | 23,771   | 2.4%         | 1,069,154                      | 44,920   | 4.4%         |
| Terminal concessions                          | 13,305,723            | 14,028,738            | 17,020,418                      | 17,216,343                   | 3,187,605                                    | 22.7%        | 195,925  | 1.2%         | 19,475,281                     | 2,258,939  | 13.1%        |
| Rental Car License Fees                       | 23,943,041            | 24,028,200            | 24,753,800                      | 25,061,200                   | 1,033,000                                    | 4.3%         | 307,400  | 1.2%         | 26,073,700                     | 1,012,500  | 4.0%         |
| License Fees Other                            | 3,178,544             | 2,860,000             | 2,860,000                       | 3,277,200                    | 417,200                                      | 14.6%        | 417,200  | 14.6%        | 3,299,800                      | 22,600   | 0.7%         |
| Parking Revenue                               | 30,141,508            | 31,301,505            | 33,824,719                      | 34,290,532                   | 2,989,027                                    | 9.5%         | 465,813  | 1.4%         | 38,492,545                     | 4,202,013  | 12.3%        |
| Ground Transportation Permits and Citations   | 1,328,452             | 2,199,787             | 3,187,374                       | 2,261,247                    | 61,461                                       | 2.8%         | (926,127)  | -29.1%       | 3,545,439                      | 1,284,191  | 56.8%        |
| Ground Rentals                                | 7,136,299             | 7,974,794             | 7,554,175                       | 8,193,071                    | 218,278                                      | 2.7%         | 638,897  | 8.5%         | 11,558,786                     | 3,365,715  | 41.1%        |
| Grant Reimbursements                          | 300,857               | 218,800               | 223,200                         | 223,200                      | 4,400  | 2.0%         | -  | 0.0%         | 227,700                        | 4,500  | 2.0%         |
| Other Operating Revenue *                     | 878,051               | 552,540               | 422,900                         | 441,900                      | (110,640)                                    | -20.0%       | 19,000   | 4.5%         | 451,600                        | 9,700  | 2.2%         |
| <b>Total Nonairline Revenue</b>               | <b>81,119,739</b>     | <b>84,124,175</b>     | <b>90,847,050</b>               | <b>91,988,928</b>            | <b>7,864,753</b>                             | <b>9.3%</b>  | <b>1,141,878</b>                                 | <b>1.3%</b>  | <b>104,194,005</b>             | <b>12,205,077</b>                                | <b>13.3%</b> |
| <b>Total Operating Revenue</b>                | <b>153,549,960</b>    | <b>174,086,775</b>    | <b>188,332,750</b>              | <b>189,911,534</b>           | <b>15,824,759</b>                            | <b>9.1%</b>  | <b>1,578,784</b>                                 | <b>0.8%</b>  | <b>208,089,623</b>             | <b>18,178,089</b>                                | <b>9.6%</b>  |
| <b>Interest Income</b>                        | <b>5,491,516</b>      | <b>5,204,220</b>      | <b>5,809,121</b>                | <b>5,290,220</b>             | <b>86,000</b>                                | <b>1.7%</b>  | <b>(518,901)</b>                                 | <b>-8.9%</b> | <b>5,583,586</b>               | <b>293,366</b>                                   | <b>5.5%</b>  |
| <b>Nonoperating Revenue</b>                   |                       |                       |                                 |                              |  |              |  |              |                                |  |              |
| Passenger facility charges                    | 34,639,244            | 33,624,500            | 35,105,500                      | 35,155,100                   | 1,530,600                                    | 4.6%         | 49,600   | 0.1%         | 35,858,200                     | 703,100  | 2.0%         |
| Customer facility charges (Rental Car Center) | 11,486,962            | 16,422,631            | 24,911,428                      | 26,528,528                   | 10,105,896                                   | 61.5%        | 1,617,100  | 6.5%         | 30,065,665                     | 3,537,137  | 13.3%        |
| Quieter Home Program                          | 11,013,260            | 12,073,700            | 12,074,100                      | 13,863,400                   | 1,789,700                                    | 14.8%        | 1,789,300  | 14.8%        | 12,069,700                     | (1,793,700)                                      | -12.9%       |
| BAB Interest Rebate                           | 4,995,921             | 4,995,921             | 4,995,921                       | 4,741,129                    | (254,792)                                    | -5.1%        | (254,792)  | -5.1%        | 4,741,129                      | -  | 0.0%         |
| Capital grant contributions                   | 20,833,591            | 14,302,252            | 8,373,181                       | 20,108,089                   | 5,805,837                                    | 40.6%        | 11,734,908                                       | 140.1%       | 10,615,097                     | (9,492,992)                                      | -47.2%       |
| Other Nonoperating Revenue                    | (2,871,477)           | -                     | -                               | -                            | -  | 0.0%         | -  | -            | -                              | -  | 0.0%         |
| <b>Total Nonoperating Revenue</b>             | <b>80,097,502</b>     | <b>81,419,005</b>     | <b>85,460,130</b>               | <b>100,396,246</b>           | <b>18,977,241</b>                            | <b>23.3%</b> | <b>14,936,116</b>                                | <b>17.5%</b> | <b>93,349,791</b>              | <b>(7,046,455)</b>                               | <b>-7.0%</b> |
| <b>Total Revenue</b>                          | <b>\$ 239,138,978</b> | <b>\$ 260,710,000</b> | <b>\$ 279,602,000</b>           | <b>\$ 295,598,000</b>        | <b>\$ 34,888,000</b>                         | <b>13.4%</b> | <b>15,996,000</b>                                | <b>5.7%</b>  | <b>\$ 307,023,000</b>          | <b>\$ 11,425,000</b>                             | <b>3.9%</b>  |

\* Other Operating Revenue includes Finger Printing Fees, Utilities Reimbursements, Service Charges, Equipment Rental and Miscellaneous Revenues.

## FY 2014 Proposed Budget vs. FY 2013 Budget

### Airline Revenue

Net increase of \$8.0M in airline revenue cost recovery primarily reflects:

- Increase of \$4.3M in security surcharge due to:
  - Increases in Harbor Police costs, other airport security contracts and access control system maintenance costs
  - Increase in security checkpoints square footage (Green Build)
- Increase of \$2.5M in building rentals due to higher O&M for existing/new facilities and increase in debt service
- Common Use System Support Charges revenue – 100% recovery of operations and maintenance (O&M) expenses of \$1.1M
- Increases in landing fees of \$0.7M due to higher net airfield expenses (Ramp Control Facility staffing costs, increase in utilities and personnel expenses)
- Decrease in aircraft parking fees of \$0.7M due to vacant aircraft parking positions anticipated in FY2014

## FY 2014 Proposed Budget vs. FY 2013 Budget

### Non-Airline Revenue

Net increase of \$7.9M in non-airline revenue mainly reflects:

- Net increase of \$3.2M in concession revenue due to:
  - Increase of \$2.4M in storage revenue and reimbursement of certain O&M expenses allocated to concessionaires
  - Increase of \$0.8M in retail, food and beverage, and other concessions revenue due to higher enplanements and gross sales per passenger
- Increase of \$3.0M in parking revenue due to higher enplanements and the full reopening of the Terminal 2 parking lot
- Increase of \$1.0M in car rental license fee revenue due to higher enplanements and gross sales per passenger
- Increase of \$0.4M in in-flight catering and ground handling license fee revenue due to higher enplanements and gross sales per passenger
- Increase of \$0.3M in ground rental revenue from increased cargo rent and higher rental car vehicle storage



## FY 2014 Proposed Budget vs. FY 2013 Budget

### Non-Operating Revenue

Net increase of \$19.0M in non-operating revenue reflects:

- Increase of \$10.1M in Customer Facility Charges (Rental Car Center fees) due to:
  - FY 2014 has full year of new CFC methodology (\$/day vs. \$/transaction)
  - The FY 2014 \$/day rate increases from \$6 (Jul-Dec) to \$7.50 (Jan-Jun)
  - Higher enplanements
- Net increase of \$5.8M in capital grant contributions due to an increase of \$15.8M in new grant funded CIP projects (Storm Drain Trunk, T1W Pre-conditioned Air, Taxiway C hold apron, Stormwater/Airfield Drainage); offset by a decrease of \$10.0M for completed grant funded Green Build projects (T2W Pre-conditioned Air, Baggage Handling System, Apron expansion)
- Increase of \$1.8M in Quieter Home Program grant revenue
- Increase of \$1.5M in Passenger Facility Charges due to an increase in the budgeted collection rate and an increase in projected enplanements
- Decrease of \$0.2M in BAB interest rebate due to impact of sequestration

## FY 2014 Proposed Budget vs. FY 2014 Conceptual Budget

### Airline Revenue

Net increase of \$0.4M in airline revenue cost recovery primarily reflects :

- Increase of \$1.3M in security surcharge due to higher Harbor Police costs, other airport security contracts and access control system maintenance costs
- Common Use System Support Charges revenue – 100% recovery of operations and maintenance (O&M) expenses of \$1.1M
- Increase of \$0.5M in landing fees due to higher net airfield expenses (Water Quality/ San Diego Bay Sediment Quality Objectives costs and increase in utilities)
- Decrease of \$0.7M in aircraft parking fees due to anticipated vacant aircraft parking positions in FY2014
- Decrease of \$1.8M in building rentals mainly due to lower debt service reflecting reduced interest rate and decrease of Green Build program capital costs

## FY 2014 Proposed Budget vs. FY 2014 Conceptual Budget

### Non-Airline Revenue

Net increase of \$1.1M in non-airline revenue mainly reflects:

- Increase of \$0.6M in ground rent for airline space (A&O, DHL, SW) and higher rental car vehicle storage revenue
- Increase of \$0.5M in parking revenue reflecting an increase in transactions due to higher enplanements
- Increase of \$0.4M in in-flight catering and ground handling license fee revenue due to higher enplanements and gross sales per passenger
- Increase of \$0.3M in car rental license fee revenue due to higher enplanements
- Net increase of \$0.2M in concessions revenue due to:
  - Increase of \$0.6M in storage revenue and reimbursement of certain O&M expenses allocated to concessionaires
  - Decrease of \$0.2M in retail revenue due to lower gross sales per passenger
  - Decrease of \$0.2M in other concessions revenue due to Smarte Carte contract changes
- Decrease of \$0.9M in ground transportation revenue from vehicle conversion incentive program changes

## FY 2014 Proposed Budget vs. FY 2014 Conceptual Budget

### Interest Income and Non-Operating Revenue

Net decrease of \$0.5M in interest revenue reflects:

- Lower debt service reserve fund balances and lower projected interest rates

Net increase of \$14.9M in non-operating revenue reflects:

- Increase of \$11.7M in capital grant contributions due to shift in receipt of grant funds from FY13 to FY14 (predominantly Storm Drain Trunk, T1W Pre-conditioned Air, and Taxiway C hold apron)
- Increase of \$1.8M in Quieter Home Program grant revenue
- Increase of \$1.6M in Customer Facility Charges (Rental Car Center fees) due to an increase in the percent of rental car transactions per passenger and increased enplanements
- Decrease of \$0.2M in BAB interest rebate due to impact of sequestration

## FY 2015 Proposed Conceptual Budget vs. FY 2014 Proposed Budget

### Airline Revenue

Net increase of \$6.0M in airline revenue cost recovery primarily reflects:

- Increase of \$2.3M in landing fees and increase of \$0.2M in aircraft parking fees due to higher net airfield expenses (Airport Land Use Compatibility Plans (ALUCPs), personnel and maintenance costs) and increase in debt service
- Increase of \$2.1M in security due to higher Harbor Police costs, other security contracts and access control system maintenance costs
- Increase of \$1.4M in building rentals due to higher O&M for existing/new facilities and increase in debt service

## FY 2015 Conceptual Budget vs. FY 2014 Proposed Budget

### Non–Airline Revenue

Net increase of \$12.2M in non–airline revenue mainly reflects:

- Increase of \$4.2M in parking revenue reflecting a rate increase and more transactions from higher enplanements
- Increase of \$3.4M in ground rental revenue due to:
  - \$3.3M higher rent revenue from Landmark for the new Fixed Base Operator facility starting Jul 2014
  - \$0.1M higher rent revenue from airline and cargo ground rent
- Overall increase of \$2.3M in concession revenue due to:
  - Increase of \$1.0M in retail revenue due to higher enplanements and gross sales per passenger
  - Increase of \$0.9M in food and beverage revenue due to higher gross sales per passenger and enplanements
  - Increase of \$0.4M in storage revenue and reimbursement of certain O&M expenses allocated to concessionaires
- Increase of \$1.3M in ground transportation revenue from increased trip and permit fees for non–alternative fuel vehicles
- Increase of \$1.0M in car rental license fee revenue due to higher enplanements and gross sales per passenger

## FY 2015 Conceptual Budget vs. FY 2014 Proposed Budget

### Interest Income and Non-Operating Revenue

Net increase of \$0.3M in interest revenue reflects:

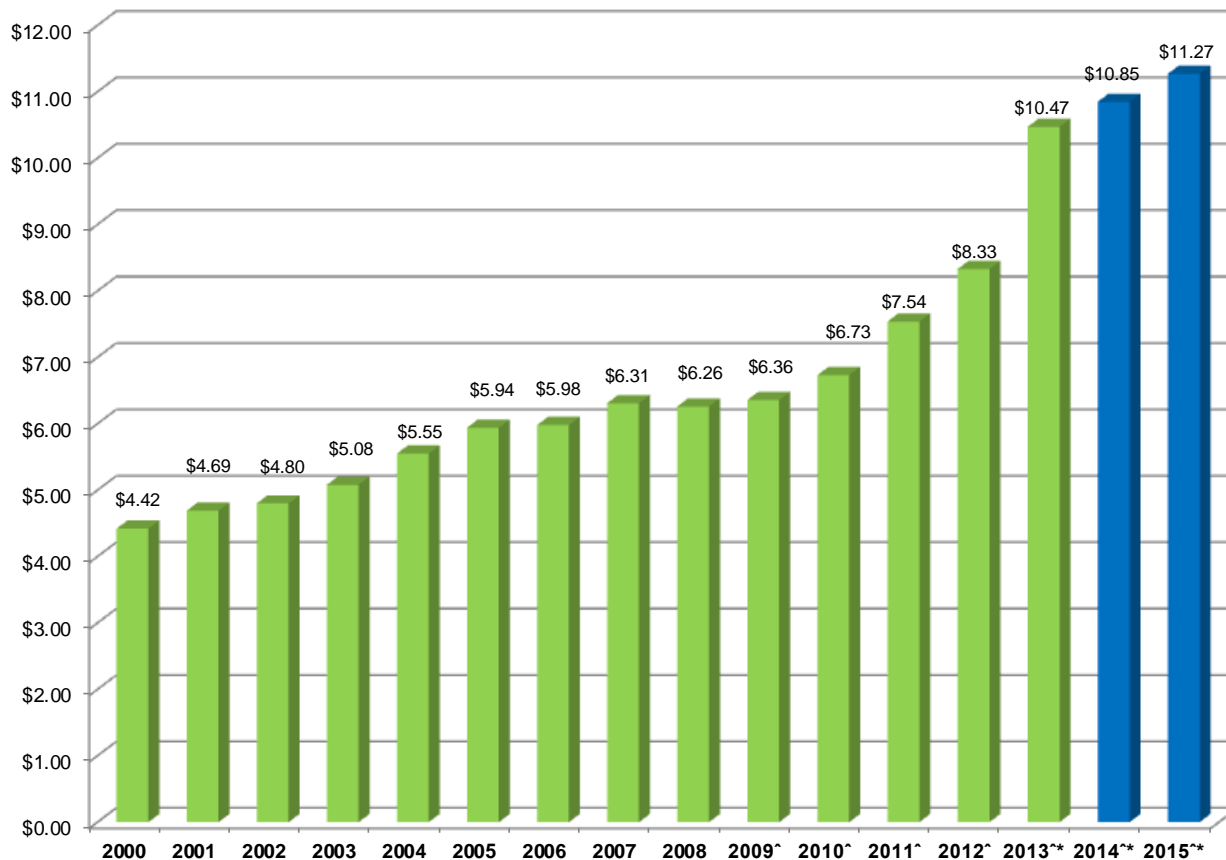
- Higher projected interest rates

Net decrease of \$7.0M in non-operating revenue reflects:

- Increase of \$3.5M in Customer Facility Charges (Rental Car Center fees) due to:
  - Full year of the CFC rate at \$7.50/day
  - Higher enplanements
- Increase of \$0.7M in Passenger Facility Charges due to higher enplanements
- Decrease of \$1.8M in Quieter Home Program grant revenue
- Decrease of \$9.4M in capital grant contributions due to completed FY14 grant funded projects (predominantly Storm Drain Trunk, T1W Pre-conditioned Air, and Taxiway C hold apron)

### Airline Cost per Enplaned Passenger

Airline-derived costs per enplaned passengers includes landing fees, aircraft parking fees, terminal rents, security surcharge and common use system support charges <sup>1</sup>.



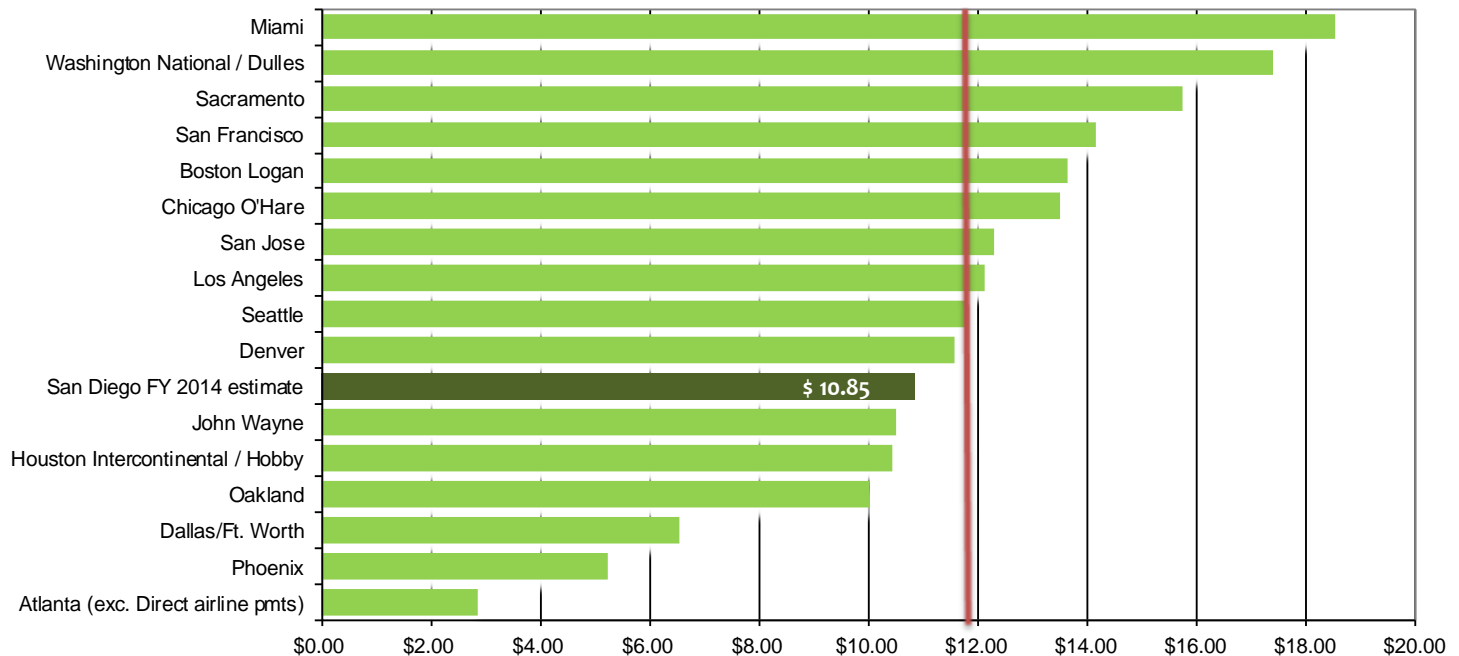
\* Forecasted FY 2013 and Budgeted FY 2014 & 2015

<sup>^</sup> Fuel farm cost recovery and fuel franchise fees are excluded from the FY 2009 through FY 2015 calculations per Airline Operating Agreement methodology

<sup>1</sup> Beginning FY 2014 & 2015 Budgets



### Airline Cost per Enplaned Passenger by Select Airports



**Median (\$11.79) for the above selected Moody's rated airports**  
**Source: Moody's Investor Service, MFRA Database, as of April, 2013**

# Expense Budget Overview

## FY 2014 – 2015 Proposed Budget Assumptions

- Harbor Police contract amendment and additional hours increase recoverable costs
- Green Build expansion becomes fully operational in August 2013
  - New common use systems online
  - New baggage handling system maintenance costs (transferred to airlines in FY 2015)
  - Ramp control facility operational
- Increased maintenance needs
- Current shuttle service is maintained
- Additional environmental regulatory requirements
- Airport Land Use Compatibility Plans (ALUCP)
  - San Diego International Airport (SDIA) completion in FY 2014
  - Rural, USMC and North Island begins in FY 2015

## FY 2014 – 2015 Proposed Budget Assumptions

- Staffing considerations
  - Salaries and wages
    - FY 2014 Proposed Budget includes same assumptions as approved in FY 2013 Budget and FY 2014 Conceptual Budget
    - Pay-for-performance
    - Contractually required union increases
  - FY 2015 Proposed Conceptual Budget includes same assumptions as FY 2014 Proposed Budget
- Health and dental benefits
  - Health: FY 2014 Proposed Budget
    - 11.7% increase vs. FY 2013 Budget, 1.9% increase vs. FY 2014 Conceptual
  - Health: FY 2015 Proposed Conceptual Budget 10% renewal rate
  - Dental: FY 2014 Proposed Budget
    - 3.3% increase vs. FY 2013 Budget, 3.6% decrease vs. FY 2014 Conceptual
  - Dental: FY 2015 Proposed Conceptual Budget 4% renewal rate
- Retirement benefits
  - FY 2014 Proposed Budget rate 11.9%
    - vs. FY 2013 Budget rate 10.9%
    - vs. FY 2014 Conceptual Budget rate 11.5%
  - FY 2015 Proposed Budget rate 12.5% vs. FY 2014 Proposed Budget rate 11.9%

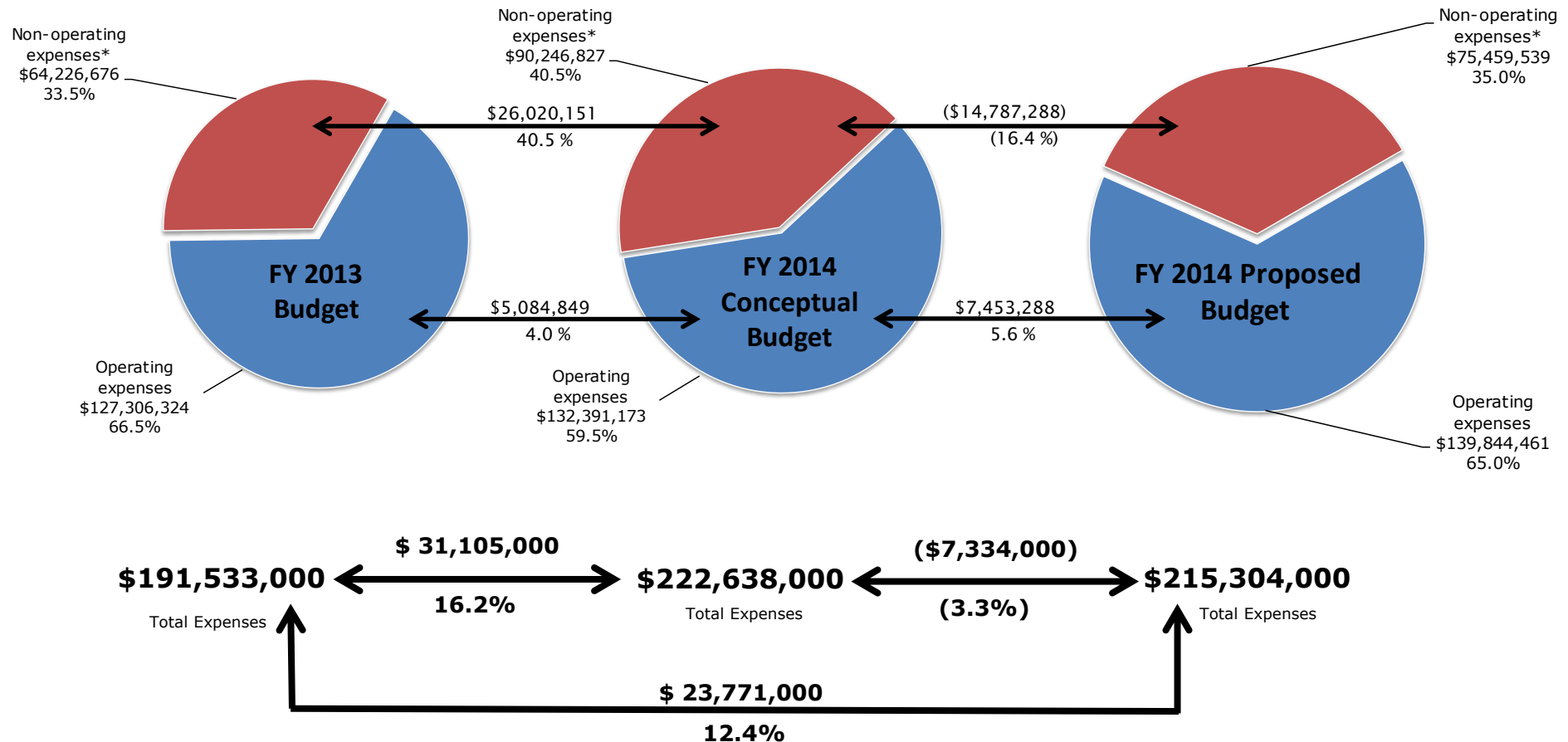
### FY 2014 Proposed & FY 2015 Personnel Summary by Division

|                       | FY 2013<br>Authorized<br>& Funded<br>Positions | FY 2013<br>Authorized<br>& Unfunded<br>Positions | FY14<br>Authorized<br>& Funded<br>Positions | Proposed<br>FY14<br>Authorized &<br>Unfunded<br>Positions | Proposed<br>FY15<br>Authorized &<br>Funded<br>Positions | Proposed<br>FY15<br>Authorized<br>& Unfunded<br>Positions |
|-----------------------|--|--|---|---|---|---|
| Executive Group       | 24   | 0  | 25  | 0   | 25  | 0   |
| Planning & Operations | 104  | 4  | 110   | 3   | 111   | 2   |
| Finance               | 52   | 1  | 52  | 1   | 52  | 1   |
| Development           | 127  | 4  | 144   | 0   | 145   | 0   |
| Administration        | 81   | 2  | 82  | 2   | 82  | 2   |
| <b>TOTAL</b>          | <b>388</b>                                     | <b>11</b>  | <b>413</b>                                  | <b>6</b>  | <b>415</b>  | <b>5</b>  |

Total Authorized  
Positions

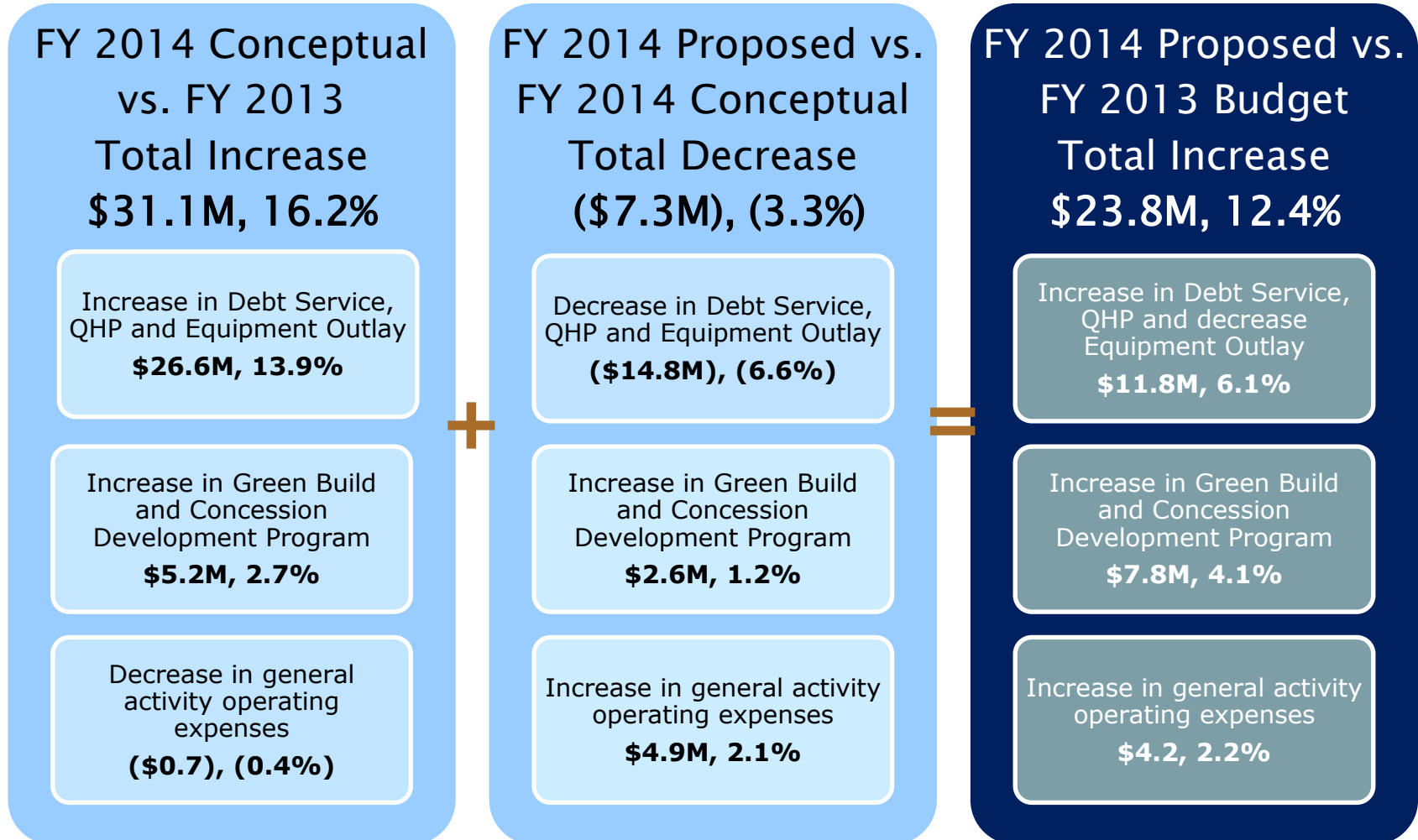
|                |                |                |
|----------------|----------------|----------------|
| FY 2013<br>399 | FY 2014<br>419 | FY 2015<br>420 |
|----------------|----------------|----------------|

### FY 2014 Proposed Budget vs. FY 2013 Budget Expense Comparison

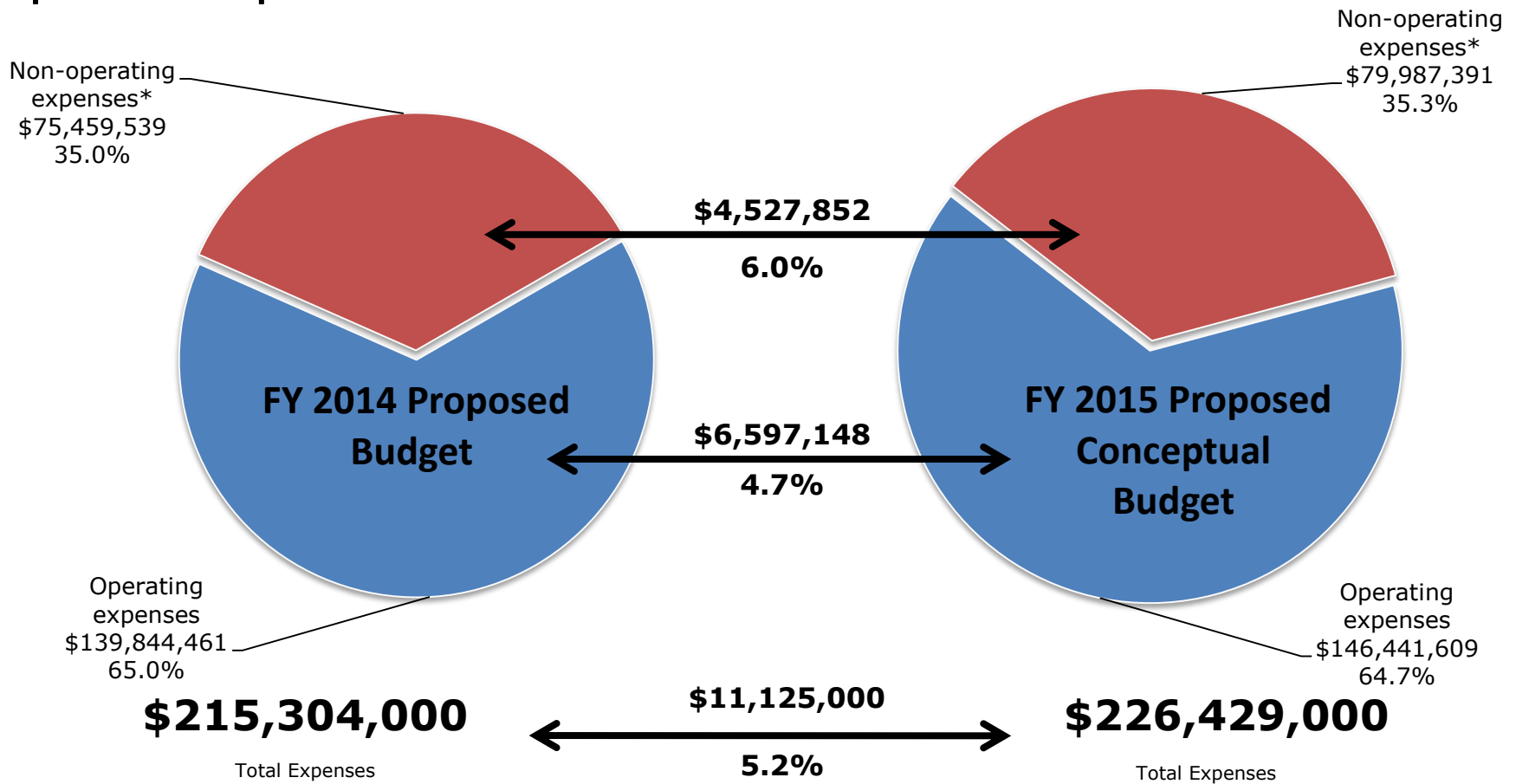


\*Non-Operating Expenses include Debt Service, Quieter Home Program, & Equipment Outlay

### FY 2014 Proposed Budget vs. FY 2013 Budget Expense Comparison



### FY 2015 Proposed Conceptual vs. FY 2014 Proposed Budget Expense Comparison



\*Non-Operating Expenses include Debt Service, Quieter Home Program, & Equipment Outlay



## FY 2015 Proposed Conceptual vs. FY 2014 Proposed Budget Expense Comparison

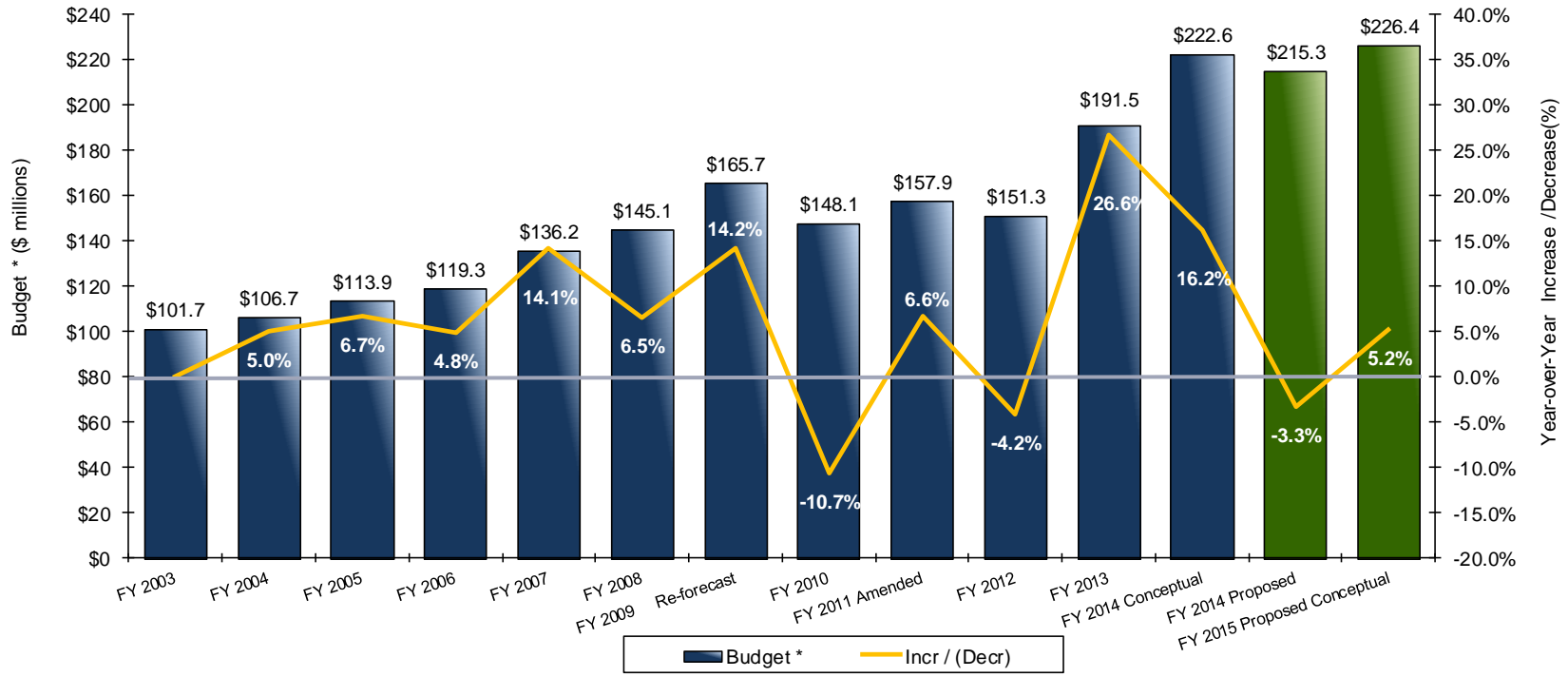
FY 2015 Conceptual vs. FY 2014 Proposed  
Total Increase  
**\$11.1M, 5.2%**

Increase in Debt Service, Equipment Outlay and decrease  
in QHP  
**\$4.5M, 2.1%**

Increase in Green Build and Concession Development  
Program  
**\$2.1M, 1.0%**

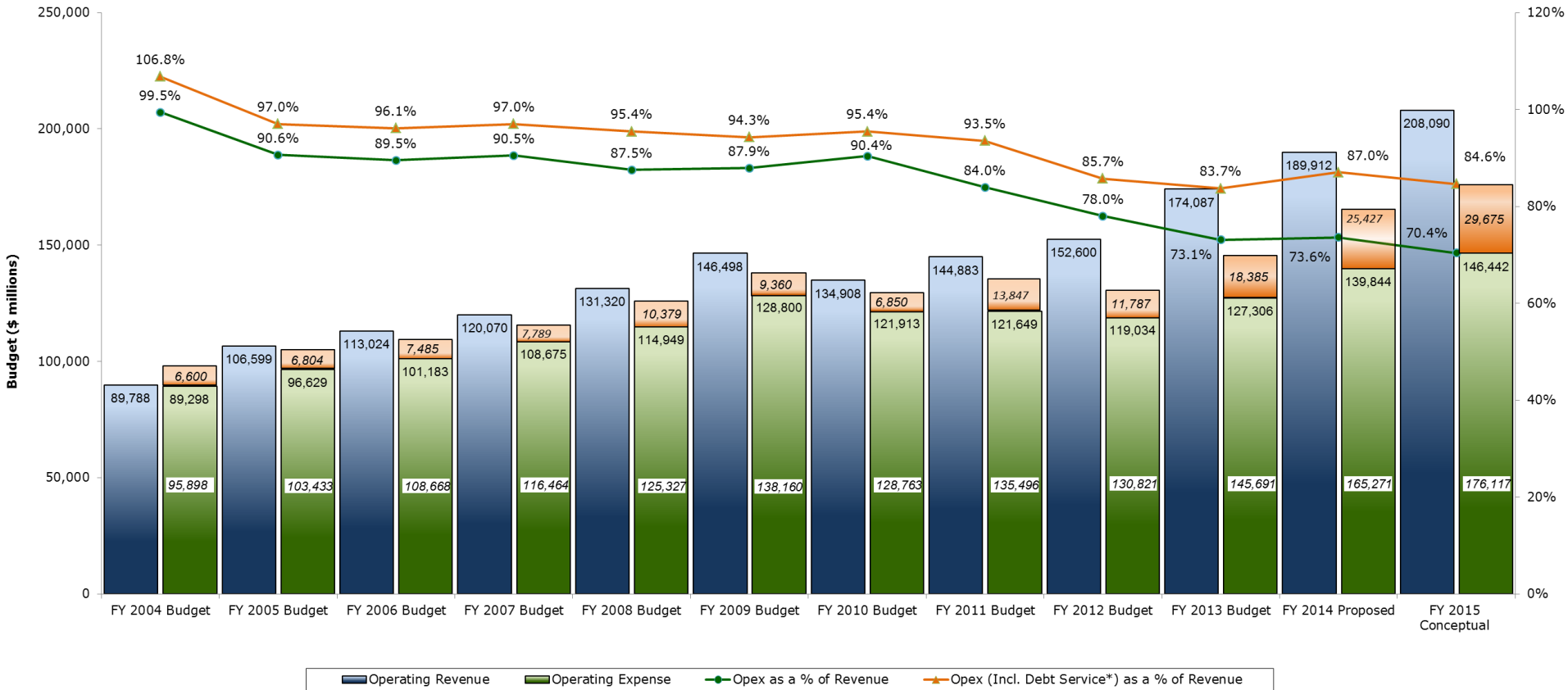
Increase in general activity operating expenses  
**\$4.5, 2.1%**

### Expense Budget FY 2003 – FY 2015\*



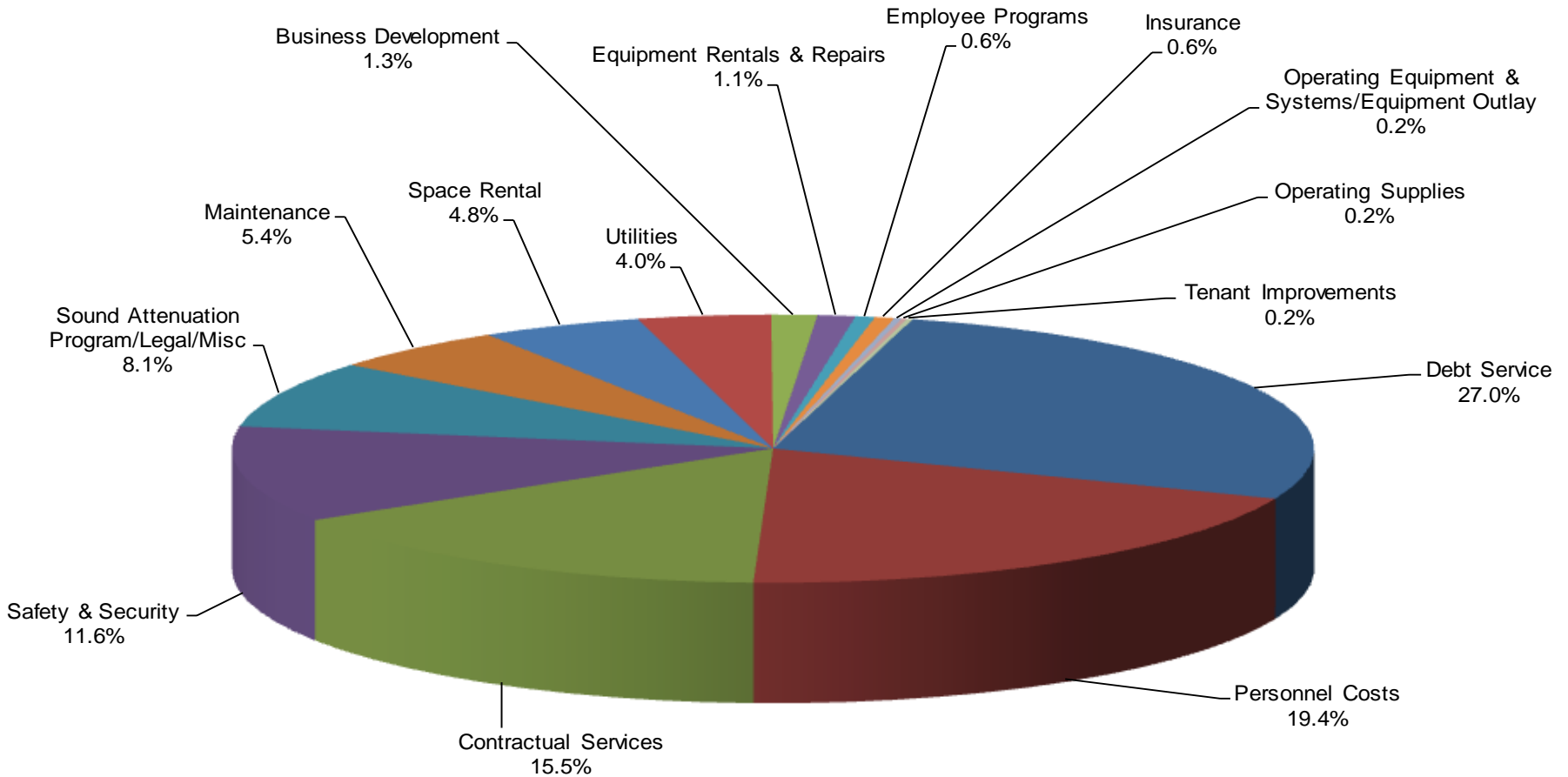
\*Total authority expenses including equipment outlay

### Operating Revenue vs. Operating Expense (Including Debt Service\*)



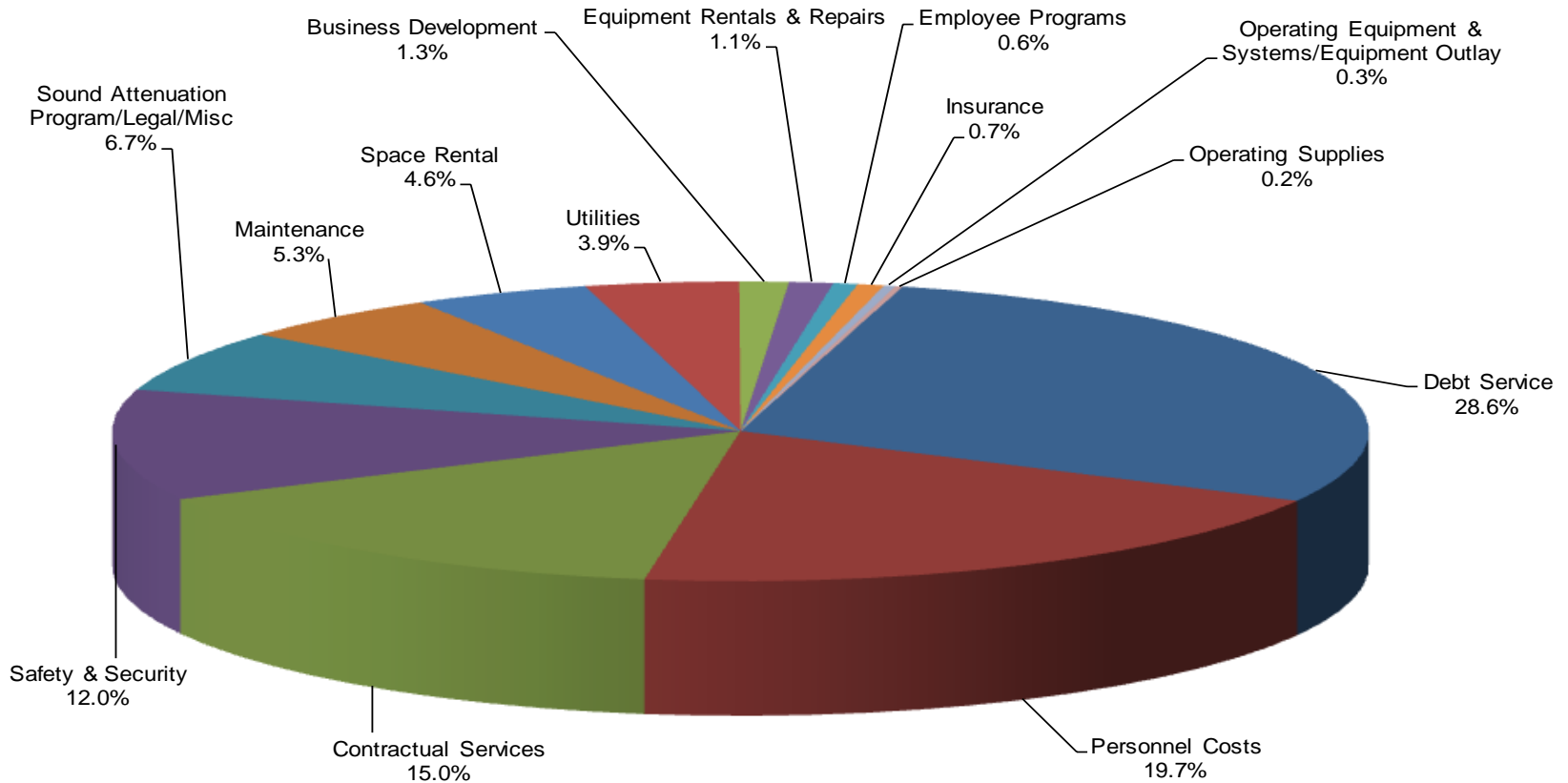
\*Debt service is net of Passenger Facility Charges and Build America Bond Subsidy

### FY 2014 Proposed Expense Budget by Category



Total FY 2014 Proposed Budget is \$215.3M

### FY 2015 Conceptual Expense Budget by Category



Total FY 2015 Proposed Conceptual Budget is \$226.4M

### FY 2014 – 2015 Expense Summary by Category

|   | FY 2012<br>Actuals    | FY 2013<br>Budget     | FY 2014<br>Conceptual<br>Budget | FY 2014<br>Proposed<br>Budget | Inc/(Dec)<br>FY14 Proposed<br>Budget vs<br>FY13 Budget | %<br>Change   | Inc/(Dec)<br>FY14 Proposed vs<br>FY14 Conceptual | %<br>Change   | FY 2015 Proposed<br>Conceptual<br>Budget | Inc/(Dec)<br>FY15 Conceptual<br>vs FY14<br>Proposed<br>Budget | %<br>Change    |
|---|-----------------------|-----------------------|---------------------------------|-------------------------------|--|---------------|--|---------------|--|---|----------------|
| <b>Operating Expenses:</b>                        |                       |                       |                                 |                               |  |               |  |               |  |   |                |
| <b>Personnel Expenses</b>                         |                       |                       |                                 |                               |  |               |  |               |  |   |                |
| Salaries and Wages                                | \$ 26,888,386         | \$ 29,065,130         | \$ 30,493,923                   | \$ 31,170,183                 | \$ 2,105,054   | 7.2%          | \$ 676,260                                       | 2.2%          | \$ 33,004,041                            | \$ 1,833,858  | 5.9%           |
| Premium Overtime                                  | 943,523               | 818,500               | 768,500                         | 867,400                       | 48,900   | 6.0%          | 98,900   | 12.9%         | 865,700                                  | (1,700)   | -0.2%          |
| Employee Benefits                                 | 14,935,072            | 15,198,202            | 16,445,508                      | 16,319,513                    | 1,121,311  | 7.4%          | (125,995)  | -0.8%         | 17,701,713                               | 1,382,200   | 8.5%           |
| Subtotal  | 42,766,980            | 45,081,832            | 47,707,931                      | 48,357,096                    | 3,275,265  | 7.3%          | 649,165  | 1.4%          | 51,571,454                               | 3,214,357   | 6.6%           |
| Less: Capitalized Labor                           | (4,737,159)           | (4,958,440)           | (4,605,767)                     | (5,749,016)                   | (790,576)  | 15.9%         | (1,143,250)                                      | 24.8%         | (6,180,522)                              | (431,506)   | 7.5%           |
| Less: QHP - Labor/Burden/Labor Overhead           | (793,309)             | (708,766)             | (748,501)                       | (703,804)                     | 4,962  | -0.7%         | 44,697   | -6.0%         | (732,944)                                | (29,140)  | 4.1%           |
| <b>Total Personnel Expenses</b>                   | <b>37,236,512</b>     | <b>39,414,626</b>     | <b>42,353,664</b>               | <b>41,904,276</b>             | <b>2,489,650</b>                                       | <b>6.3%</b>   | <b>(449,388)</b>                                 | <b>-1.1%</b>  | <b>44,657,988</b>                        | <b>2,753,712</b>  | <b>6.6%</b>    |
| <b>Non-Personnel Expenses</b>                     |                       |                       |                                 |                               |  |               |  |               |  |   |                |
| Contractual Services                              | 26,905,524            | 29,365,241            | 31,090,921                      | 33,279,133                    | 3,913,892  | 13.3%         | 2,188,213  | 7.0%          | 34,052,611                               | 773,478   | 2.3%           |
| Safety and Security                               | 22,625,169            | 22,408,160            | 23,445,356                      | 24,975,465                    | 2,567,305  | 11.5%         | 1,530,109  | 6.5%          | 27,111,790                               | 2,136,326   | 8.6%           |
| Space Rental                                      | 11,414,838            | 11,416,345            | 10,381,960                      | 10,378,412                    | (1,037,933)  | -9.1%         | (3,548)  | 0.0%          | 10,324,952                               | (53,460)  | -0.5%          |
| Utilities   | 6,674,423             | 7,753,075             | 8,643,075                       | 8,566,650                     | 813,575  | 10.5%         | (76,425)   | -0.9%         | 8,943,750                                | 377,100   | 4.4%           |
| Maintenance                                       | 8,496,587             | 8,234,743             | 9,002,220                       | 11,661,347                    | 3,426,604  | 41.6%         | 2,659,127  | 29.5%         | 12,017,693                               | 356,346   | 3.1%           |
| Operating Equipment & Systems                     | 403,268               | 459,048               | 413,169                         | 456,779                       | (2,269)  | -0.5%         | 43,610   | 10.6%         | 500,468                                  | 43,689  | 9.6%           |
| Operating Supplies                                | 304,433               | 349,722               | 345,741                         | 374,352                       | 24,630   | 7.0%          | 28,611   | 8.3%          | 431,444                                  | 57,092  | 15.3%          |
| Insurance   | 764,239               | 872,318               | 1,237,234                       | 1,253,579                     | 381,261  | 43.7%         | 16,345   | 1.3%          | 1,546,084                                | 292,505   | 23.3%          |
| Employee Programs                                 | 916,195               | 1,186,464             | 1,179,613                       | 1,259,598                     | 73,134   | 6.2%          | 79,985   | 6.8%          | 1,425,213                                | 165,615   | 13.1%          |
| Business Development                              | 2,093,166             | 3,584,933             | 2,147,533                       | 2,943,753                     | (641,180)  | -17.9%        | 796,220  | 37.1%         | 2,860,045                                | (83,708)  | -2.8%          |
| Equipment Rentals & Repairs                       | 1,264,057             | 1,744,849             | 1,985,788                       | 2,431,217                     | 686,368  | 39.3%         | 445,429  | 22.4%         | 2,569,571                                | 138,353   | 5.7%           |
| Tenant Improvements                               | 70,800                | 516,800               | 164,900                         | 359,900                       | (156,900)  | -30.4%        | 195,000  | 118.3%        | -  | (359,900)   | -100.0%        |
| <b>Total Non-Personnel Expenses</b>               | <b>81,932,700</b>     | <b>87,891,698</b>     | <b>90,037,509</b>               | <b>97,940,185</b>             | <b>10,048,487</b>                                      | <b>11.4%</b>  | <b>7,902,676</b>                                 | <b>8.8%</b>   | <b>101,783,621</b>                       | <b>3,843,436</b>  | <b>3.9%</b>    |
| <b>Total Operating Expenses</b>                   | <b>119,169,212</b>    | <b>127,306,324</b>    | <b>132,391,173</b>              | <b>139,844,461</b>            | <b>12,538,137</b>                                      | <b>9.8%</b>   | <b>\$ 7,453,288</b>                              | <b>5.6%</b>   | <b>146,441,608</b>                       | <b>6,597,148</b>  | <b>4.7%</b>    |
| <b>Non-Operating Expenses:</b>                    |                       |                       |                                 |                               |  |               |  |               |  |   |                |
| Joint Studies/Sound Attenuation                   | 14,617,463            | 15,181,596            | 15,182,096                      | 17,402,324                    | 2,220,728  | 14.6%         | 2,220,228  | 14.6%         | 15,176,621                               | (2,225,703)   | -12.8%         |
| Debt Service                                      | 6,502,270             | 47,643,080            | 74,934,731                      | 58,027,215                    | 10,384,136   | 21.8%         | (16,907,516)                                     | -22.6%        | 64,640,770                               | 6,613,555   | 11.4%          |
| Legal Settlements Expense                         | 160,330               | 20,000                | 20,000                          | 20,000                        | -  | 0.0%          | -  | 0.0%          | -  | (20,000)  | -100.0%        |
| Other Non-Operating Expense                       | -                     | -                     | -                               | -                             | -  | 0.0%          | -  | 0.0%          | -  | -   | 0.0%           |
| <b>Total Non-Operating Expenses</b>               | <b>21,280,064</b>     | <b>62,844,676</b>     | <b>90,136,827</b>               | <b>75,449,540</b>             | <b>12,604,864</b>                                      | <b>20.1%</b>  | <b>(14,687,288)</b>                              | <b>-16.3%</b> | <b>79,817,391</b>                        | <b>4,367,852</b>  | <b>5.8%</b>    |
| <b>Total Expenses</b>                             | <b>140,449,276</b>    | <b>190,151,000</b>    | <b>222,528,000</b>              | <b>215,294,000</b>            | <b>25,143,000</b>                                      | <b>13.2%</b>  | <b>(7,234,000)</b>                               | <b>-3.3%</b>  | <b>226,259,000</b>                       | <b>10,965,000</b>   | <b>5.1%</b>    |
| <b>Equipment Outlay</b>                           | <b>689,136</b>        | <b>1,382,000</b>      | <b>110,000</b>                  | <b>10,000</b>                 | <b>(1,372,000)</b>                                     | <b>-99.3%</b> | <b>(100,000)</b>                                 | <b>-90.9%</b> | <b>170,000</b>                           | <b>160,000</b>  | <b>1600.0%</b> |
| <b>Total Authority Expenses incl Equip Outlay</b> | <b>\$ 141,138,413</b> | <b>\$ 191,533,000</b> | <b>\$ 222,638,000</b>           | <b>\$ 215,304,000</b>         | <b>\$ 23,771,000</b>                                   | <b>12.4%</b>  | <b>\$ (7,334,000)</b>                            | <b>-3.3%</b>  | <b>\$ 226,429,000</b>                    | <b>\$ 11,125,000</b>  | <b>5.2%</b>    |

### Major Drivers of FY 2014 Proposed Budget Increase

| FY 2013 Budget/ FY 2014 Conceptual Budget  | Inc/(Dec)<br>FY2014 Conceptual Budget<br>vs FY2013 Budget | Inc/(Dec)<br>FY2014 Proposed Budget<br>vs FY2014 Conceptual | Total Inc/(Dec)<br>FY2014 Proposed Budget<br>vs FY2013 Budget |
|--|---|---|---|
|  | <b>\$ 191,533,000</b>                                     | <b>\$ 222,638,000</b>                                       | <b>\$ 191,533,000</b>   |
| <b>Personnel:</b>  |   |   |   |
| 10 New positions and 1 Eliminated in FY14 Conceptual Budget and additional 11 New & 5 Unfrozen positions in FY14 Proposed Budget (salaries, benefits & employer taxes) | 513,692   | 1,331,487   | 1,845,179   |
| Increase / Decrease in contracted wage increases and pay-for-performance   | 882,647   | (73,784)  | 808,863   |
| Increase / Decrease in burden (benefits & employer taxes) and salary adjustments net of vacancy savings for current staff  | 1,229,759   | (608,539)   | 621,221   |
| Change in capitalized labor / QHP - labor, burden, labor overhead  | 312,938   | (1,098,553)   | (785,615)   |
| <b>Total Increase / Decrease in salaries and benefits, net</b>   | <b>2,939,038</b>  | <b>(449,388)</b>  | <b>2,489,650</b>  |
| <b>Green Build:</b>  |   |   |   |
| Increase in Baggage Handling System (BHS) costs  | -   | 1,349,104   | 1,349,104   |
| Increase in Common Use Passenger Processing System (CUPPS) costs   | 85,000  | 1,011,900   | 1,096,900   |
| Increase / Decrease in utilities (gas & electric and telephone services) costs   | 958,000   | (40,000)  | 918,000   |
| Increase in contract security services and maintenance of access control system costs  | 722,100   | -   | 722,100   |
| Increase in Ramp Control Facility professional services costs  | 423,363   | 111,037   | 534,400   |
| Increase in Airport custodial contract costs   | 100,000   | 370,137   | 470,137   |
| Increase / Decrease in Authority-wide IT related repairs and other services costs  | 291,000   | (76,005)  | 214,995   |
| Increase / Decrease in annual maintenance contract costs and other supplies costs  | 618,433   | (513,433)   | 105,000   |
| Decrease / Increase in public outreach, marketing, promotional activities and materials costs  | (400,250)   | 77,050  | (323,200)   |
| Increase other (net)   | 85,300  | 30,005  | 115,305   |
| <b>Total Increase due to Green Build</b>   | <b>2,882,946</b>  | <b>2,319,795</b>  | <b>5,202,741</b>  |
| <b>Concession Development Program:</b>   |   |   |   |
| Increase in Receiving & Distribution Center (RDC) operator costs   | 620,792   | -   | 620,792   |
| Increase in maintenance costs  | 116,250   | 482,000   | 598,250   |
| Increase / Decrease in Airport custodial contract  | 608,000   | (138,528)   | 469,472   |
| Increase other (net)   | 75,000  | 128,396   | 203,396   |
| <b>Total Increase due to Concession Development Program</b>  | <b>1,420,042</b>  | <b>471,868</b>  | <b>1,891,909</b>  |

### Major Drivers of FY 2014 Proposed Budget Increase

|   | Inc/(Dec)<br>FY2014 Conceptual Budget<br>vs FY2013 Budget | Inc/(Dec)<br>FY2014 Proposed Budget<br>vs FY2014 Conceptual | Total Inc/(Dec)<br>FY2014 Proposed Budget<br>vs FY2013 Budget |
|---|---|---|---|
| <b>Safety and Security:</b>   |   |   |   |
| Increase in law enforcement costs - Harbor Police department  | \$ 387,400  | \$ 1,604,733  | \$ 1,992,133  |
| Increase / Decrease in Aircraft Rescue Fire Fight (ARFF), Emergency Medical Services (EMS), maintenance of access control system and other services costs | 354,696   | (11,779)  | 342,917   |
| <b>Total Increase in Safety and Security</b>  | <b>742,096</b>  | <b>1,592,954</b>  | <b>2,335,050</b>  |
| <b>Airport Land Use Compatibility Plans (ALUCPs)</b>  |   |   |   |
| Decrease in Airport Land Use Compatibility Plans (ALUCPs) and miscellaneous airport planning projects costs   | -   | (850,000)   | (850,000)   |
| <b>Total Decrease in Airport Land Use Compatibility Plans (ALUCPs)</b>  | <b>-</b>  | <b>(850,000)</b>  | <b>(850,000)</b>  |
| <b>Environmental Regulatory Requirements:</b>   |   |   |   |
| Decrease / Increase in Stormwater Management Program, Industrial Hygiene/Indoor Air Quality and USDA wildlife assessment costs                            | (32,000)  | 232,000   | 200,000   |
| Decrease / Increase Water Quality/San Diego Bay Sediment Quality Objectives   | (427,500)   | 627,000   | 199,500   |
| <b>Total Decrease / Increase in Environmental Regulatory Requirements</b>   | <b>(459,500)</b>  | <b>859,000</b>  | <b>399,500</b>  |
| <b>Terminal and Landside (Operations &amp; Maintenance):</b>  |   |   |   |
| Increase in shuttles and parking operating costs  | 614,359   | 655,000   | 1,269,359   |
| Decrease / Increase in annual maintenance contract costs, major maintenance, supplies costs and refuse & hazardous waste disposal costs                   | (384,206)   | 1,341,456   | 957,250   |
| Decrease in space rental costs  | (1,034,385)   | (3,548)   | (1,037,933)   |
| Decrease / Increase in other terminal and landside costs (custodial contract costs, utilities and tenant improvement costs)                               | (51,530)  | 172,875   | 121,345   |
| <b>Total Decrease / Increase in Terminal and Landside (Operations &amp; Maintenance)</b>  | <b>(855,763)</b>  | <b>2,165,783</b>  | <b>1,310,021</b>  |



### Major Drivers of FY 2014 Proposed Budget Increase

|   | Inc/(Dec)<br>FY2014 Conceptual Budget<br>vs FY2013 Budget | Inc/(Dec)<br>FY2014 Proposed Budget<br>vs FY2014 Conceptual | Total Inc/(Dec)<br>FY2014 Proposed Budget<br>vs FY2013 Budget |
|---|---|---|---|
| <b>Other Operating Expenses:</b>  |   |   |   |
| Increase in insurance costs   | \$ 205,816  | \$ 77,740   | \$ 283,556  |
| Decrease / Increase in legal services costs   | (200,000)   | 220,000   | 20,000  |
| Decrease / Increase in outside consultant costs   | (326,174)   | 231,441   | (94,734)  |
| Decrease / Increase in public outreach, marketing, promotional activities and materials costs | (514,350)   | 40,695  | (473,655)   |
| Decrease / Increase in domestic & international air service marketing costs                   | (565,000)   | 565,000   | -   |
| Decrease / Increase other (net)   | (184,303)   | 208,401   | 24,098  |
| <b>Total Decrease / Increase in Other Operating Expenses</b>                                  | <b>(1,584,011)</b>  | <b>1,343,276</b>  | <b>(240,734)</b>  |
| <b>Total Increase in Non-Personnel Operating expenses, net</b>                                | <b>2,145,810</b>  | <b>7,902,676</b>  | <b>10,048,487</b>   |
| <b>Total Increase in Operating expenses</b>   | <b>5,084,847</b>  | <b>7,453,288</b>  | <b>12,538,137</b>   |
| <b>Debt Service:</b>  |   |   |   |
| Increase/ Decrease in debt service costs  | 27,291,652  | (16,907,516)  | 10,384,135  |
| <b>Other Non-Operating Expenses:</b>  |   |   |   |
| Increase in Quieter Home Program  | 500   | 2,220,228   | 2,220,728   |
| <b>Total Increase/ Decrease in Non-Operating expenses</b>                                     | <b>27,292,153</b>   | <b>(14,687,288)</b>   | <b>12,604,863</b>   |
| <b>Equipment Outlay:</b>  |   |   |   |
| Decrease in Green Build Program equipment outlay (Ramp Control Facilities etc.) costs         | (590,000)   | -   | (590,000)   |
| Decrease in equipment outlay costs  | (682,000)   | (100,000)   | (782,000)   |
| <b>Total Decrease in Equipment Outlay</b>   | <b>(1,272,000)</b>  | <b>(100,000)</b>  | <b>(1,372,000)</b>  |
| <b>Total Increase/ Decrease</b>   | <b>31,105,000</b>   | <b>(7,334,000)</b>  | <b>23,771,000</b>   |
| <b>FY 2014 Conceptual/ FY14 Proposed Budget</b>   | <b>\$ 222,638,000</b>                                     | <b>\$ 215,304,000</b>                                       | <b>\$ 215,304,000</b>   |

### Major Drivers of FY 2015 Proposed Conceptual Budget Increase

|   | Inc/(Dec)<br>FY2015 Proposed Conceptual Budget<br>vs FY2014 Proposed Budget |
|---|---|
| <b>FY 2014 Proposed Budget</b>  | <b>\$ 215,304,000</b>   |
| <b>Personnel:</b>   |   |
| Increase in burden (benefits& employer taxes) and salary adjustments net of vacancy savings for current staff | 2,031,126   |
| Contracted wage increases and pay-for-performance   | 982,589   |
| 1 New & 1 Unfrozen positions (salaries, benefits & employer taxes)  | 200,642   |
| Change in capitalized labor / QHP - labor, burden, labor overhead   | (460,645)   |
| <b>Total Increase in salaries and benefits, net</b>   | <b>2,753,712</b>  |
| <b>Green Build:</b>   |   |
| Increase in law enforcement costs - Harbor Police department  | 1,323,282   |
| Increase in annual maintenance contract costs   | 1,100,000   |
| Decrease in public outreach, marketing, promotional activities and materials costs                            | (550,300)   |
| Decrease in Baggage Handling System (BHS) costs   | (1,349,104)   |
| Increase other (net)  | 4,627   |
| <b>Total Increase due to Green Build</b>  | <b>528,505</b>  |
| <b>Concession Development Program:</b>  |   |
| Increase in Airport custodial contract  | 151,558   |
| Increase other (net)  | 123,604   |
| <b>Total Increase due to Concession Development Program</b>   | <b>275,162</b>  |
| <b>North Side Development:</b>  |   |
| Increase in public outreach, marketing, promotional activities and materials costs                            | 452,000   |
| Increase in annual maintenance contract costs and water costs   | 225,000   |
| Rental Car Center (RCC) Training  | 155,000   |
| Increase in insurance costs   | 124,952   |
| <b>Total Increase due to North Side Development</b>   | <b>956,952</b>  |

### Major Drivers of FY 2015 Proposed Conceptual Budget Increase

|  | Inc/(Dec)  |
|--|--|
|  | FY2015 Proposed Conceptual Budget<br>vs FY2014 Proposed Budget |
| <b>Safety and Security:</b>  |  |
| Increase in law enforcement costs - Harbor Police department   | \$ 500,046   |
| Increase in Aircraft Rescue Fire Fight (ARFF), Emergency Medical Services (EMS), maintenance of access control system and other services costs | 370,447  |
| <b>Total Increase in Safety and Security</b>   | <b>870,493</b>   |
| <b>Airport Land Use Compatibility Plans (ALUCPs)</b>   |  |
| Increase in Update Rural / USMC Airport Land Use Compatibility Plans (ALUCPs) and miscellaneous airport planning projects costs                | 650,000  |
| <b>Total Increase in Airport Land Use Compatibility Plans (ALUCPs)</b>   | <b>650,000</b>   |
| <b>Environmental Regulatory Requirements:</b>  |  |
| Increase in Water Quality/San Diego Bay Sediment Quality Objectives costs  | 100,000  |
| Increase in Stormwater Management Program, Industrial Hygiene/Indoor Air Quality and USDA wildlife assessment costs                            | 100,000  |
| <b>Total Increase in Environmental Regulatory Requirements</b>   | <b>200,000</b>   |
| <b>Terminal and Landside (Operations &amp; Maintenance):</b>   |  |
| Increase in annual maintenance contract costs, major maintenance, supplies costs and refuse & hazardous waste disposal costs                   | 398,000  |
| Increase in utility (gas & electric, water, telephone services) costs  | 225,005  |
| Increase in shuttles and parking operating costs   | 139,790  |
| Decrease in Tenant Improvement Program costs   | (359,900)  |
| <b>Total Increase in Terminal and Landside (Operations &amp; Maintenance)</b>  | <b>402,895</b>   |

### Major Drivers of FY 2015 Proposed Conceptual Budget Increase

|  | Inc/(Dec)  |
|--|--|
|  | FY2015 Proposed Conceptual Budget<br>vs FY2014 Proposed Budget |
| <b>Other Operating Expenses:</b>                                 |  |
| Increase in insurance costs                                      | \$ 144,201   |
| Decrease in domestic & international air service marketing costs | (275,000)  |
| Increase other (net)   | 90,228   |
| <b>Total Decrease in Other Operating Expenses</b>                | <b>(40,571)</b>  |
| <b>Total Increase in Non-Personnel Operating expenses, net</b>   | <b>3,843,436</b>   |
| <b>Total Increase in Operating expenses</b>                      | <b>6,597,148</b>   |
| <b>Debt Service:</b>   |  |
| Increase in debt service costs                                   | 6,613,556  |
| <b>Other Non-Operating Expenses:</b>                             |  |
| Decrease in Quieter Home Program                                 | (2,225,704)  |
| Decrease other (net)   | (20,000)   |
| <b>Total Increase in Non-Operating expenses</b>                  | <b>4,367,852</b>   |
| <b>Equipment Outlay:</b>   |  |
| Increase in equipment outlay costs                               | 160,000  |
| <b>Total Increase</b>  | <b>11,125,000</b>  |
| <b>FY 2015 Proposed Conceptual Budget</b>                        | <b>\$ 226,429,000</b>  |

Executive

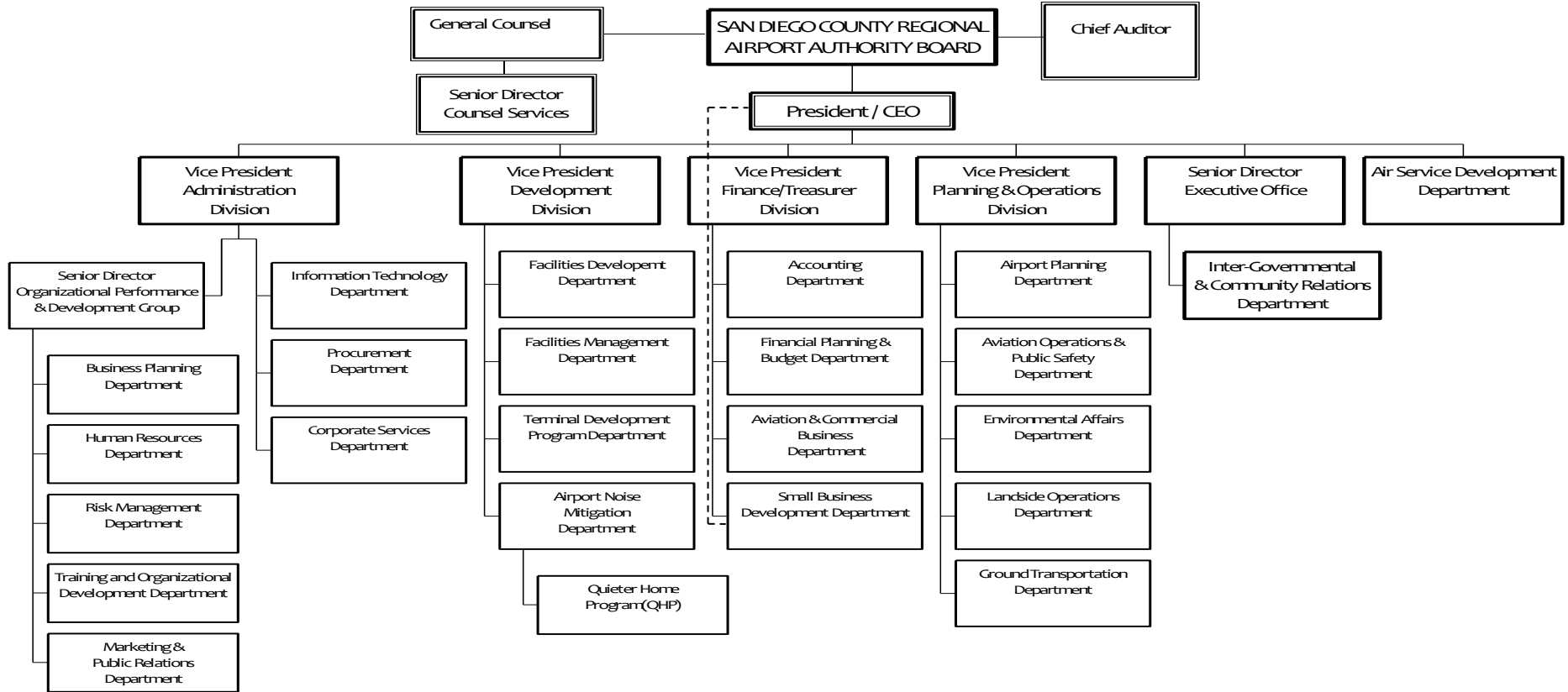
Finance

Administration

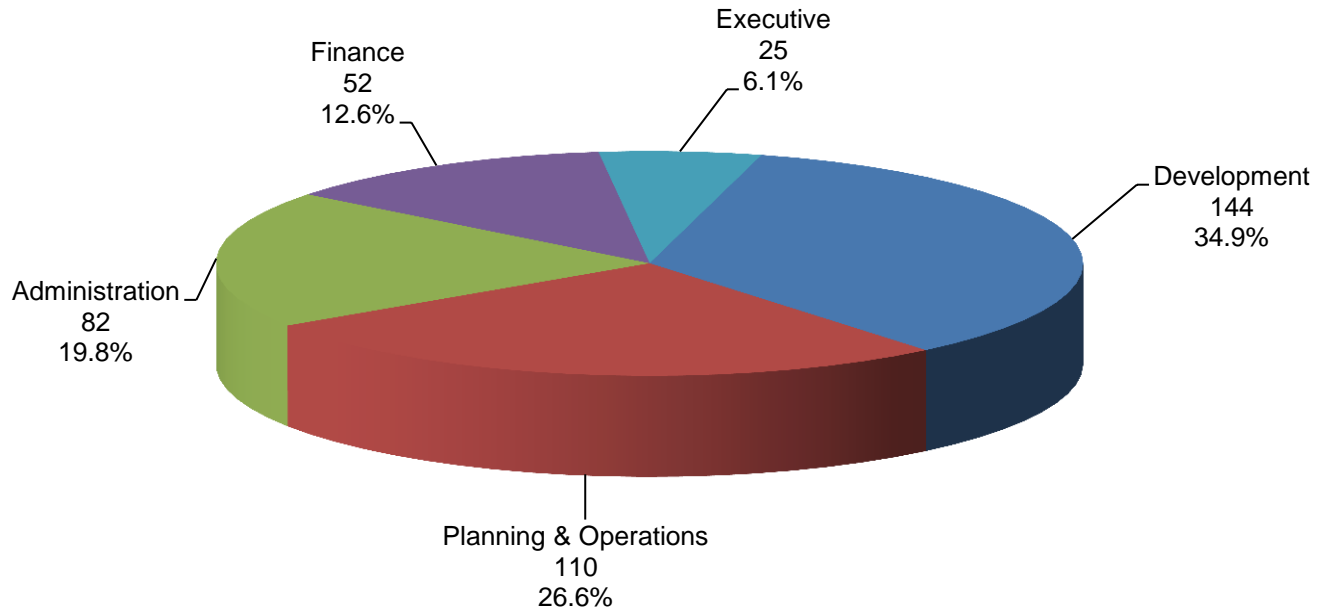
Development

Planning & Operations

# SDCRAA Organization Chart



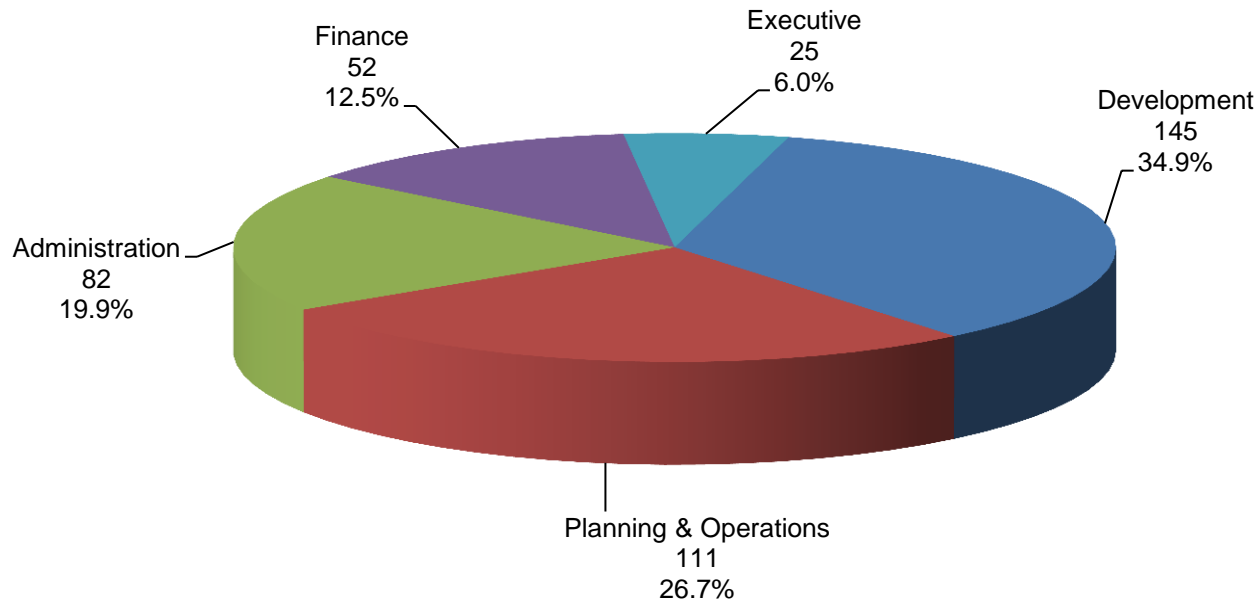
## FY 2014 Proposed Budget Personnel by Division



**Total Funded Positions are 413**

**Total Authorized Positions are 419**

## FY 2015 Proposed Conceptual Budget Personnel by Division



**Total Funded Positions are 415**

**Total Authorized Positions are 420**



# Division Expense Budget Overview

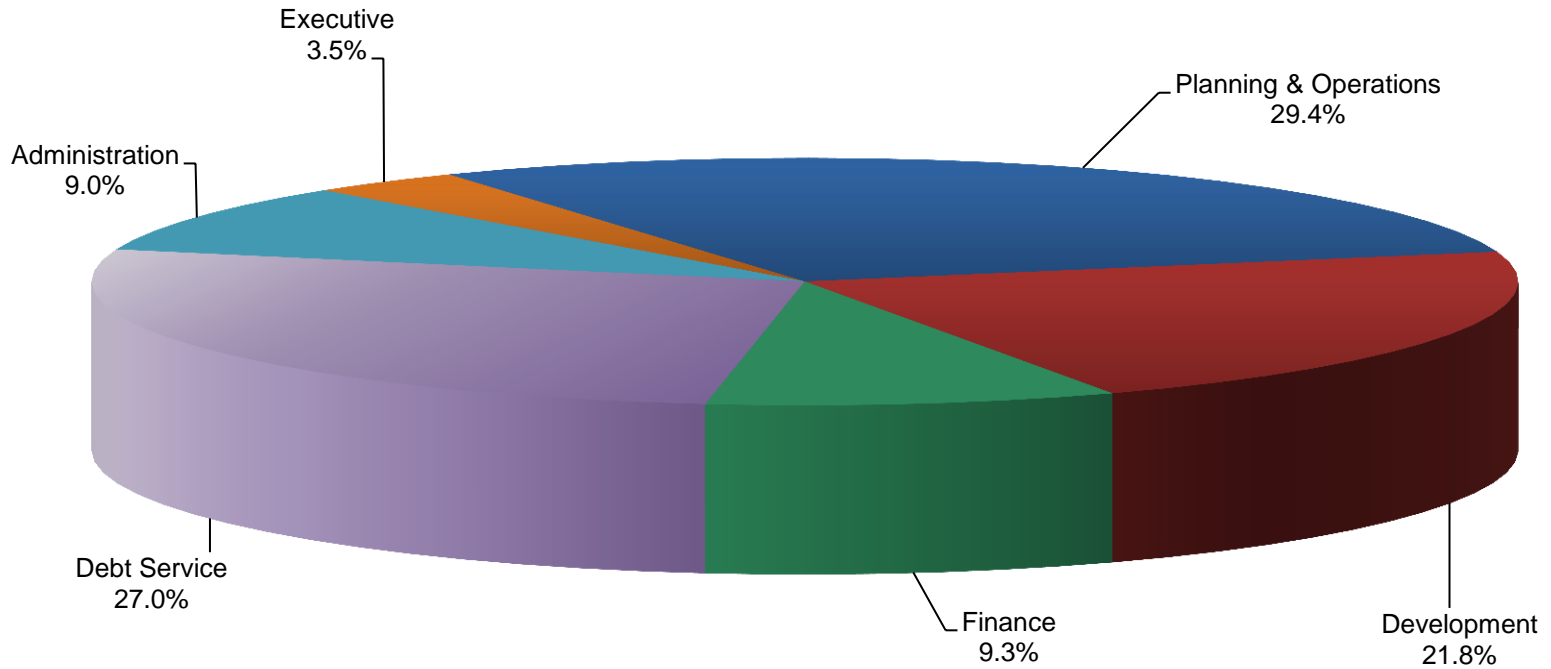
## Continued

### Expense Summary by Department

| Department  | FY 2012<br>Actuals    | FY 2013<br>Budget     | FY 2014<br>Conceptual<br>Budget | FY 2014<br>Proposed<br>Budget | Inc(Dec)<br>FY14 Proposed<br>vs FY13 Budget | %<br>Change  | Inc(Dec)<br>FY14 Proposed vs<br>FY14 Conceptual | %<br>Change   | FY 2015<br>Proposed<br>Conceptual Budget | Inc(Dec)<br>FY15 M2 Conceptual<br>vs FY14 Proposed | %<br>Change  |
|---|-----------------------|-----------------------|---------------------------------|-------------------------------|---|--------------|---|---------------|--|--|--------------|
| Authority Board   | \$ 268,197            | \$ 296,574            | \$ 301,487                      | \$ 321,863                    | \$ 25,289                                   | 8.5%         | \$ 20,376                                       | 6.8%          | \$ 327,895                               | \$ 6,031   | 1.9%         |
| Executive Office  | 1,129,236             | 990,142               | 1,016,419                       | 1,007,285                     | 17,142                                      | 1.7%         | (9,134)   | -0.9%         | 1,039,639                                | 32,354   | 3.2%         |
| General Counsel   | 2,473,153             | 2,539,372             | 2,379,418                       | 2,526,455                     | (12,917)                                    | -0.5%        | 147,037   | 6.2%          | 2,551,813                                | 25,358   | 1.0%         |
| Chief Auditor   | 970,337               | 993,703               | 1,073,727                       | 1,071,662                     | 77,959                                      | 7.8%         | (2,065)   | -0.2%         | 1,173,491                                | 101,829  | 9.5%         |
| Intergovernmental & Community Relations                         | 713,164               | 920,016               | 955,893                         | 998,928                       | 78,912                                      | 8.6%         | 43,035  | 4.5%          | 1,035,659                                | 36,731   | 3.7%         |
| Air Service Development   | 899,412               | 1,491,079             | 882,652                         | 1,515,568                     | 24,489                                      | 1.6%         | 632,916   | 71.7%         | 1,207,009                                | (308,559)  | -20.4%       |
| <b>Executive Division</b>                                       | <b>6,453,499</b>      | <b>7,230,886</b>      | <b>6,609,596</b>                | <b>7,441,761</b>              | <b>210,875</b>                              | <b>2.9%</b>  | <b>832,165</b>                                  | <b>12.6%</b>  | <b>7,335,506</b>                         | <b>(106,255)</b>                                   | <b>-1.4%</b> |
| Accounting  | 1,627,320             | 1,624,139             | 1,667,012                       | 1,668,046                     | 43,908                                      | 2.7%         | 1,035   | 0.1%          | 1,721,973                                | 53,926   | 3.2%         |
| Small Business Development                                      | 582,813               | 1,049,002             | 813,861                         | 810,839                       | (238,163)                                   | -22.7%       | (3,022)   | -0.4%         | 838,629                                  | 27,791   | 3.4%         |
| Financial Planning & Budget                                     | 1,927,484             | 2,047,593             | 2,208,997                       | 2,150,398                     | 102,805                                     | 5.0%         | (58,599)  | -2.7%         | 2,224,988                                | 74,590   | 3.5%         |
| Aviation& Commercial Business                                   | 14,042,372            | 15,846,118            | 15,129,850                      | 15,663,549                    | (182,569)                                   | -1.2%        | 533,699   | 3.5%          | 15,395,159                               | (268,390)  | -1.7%        |
| Vacancy Savings, PTO payout and Worker's<br>Compensation losses | -                     | 269,790               | 42,114                          | (239,619)                     | (509,409)                                   | -188.8%      | (281,733)                                       | -669.0%       | 44,935                                   | 284,554  | -118.8%      |
| Post Employment Benefits Authority-wide *                       | 2,035,400             | -                     | -                               | -                             | -   | 0.0%         | -   | -             | -  | -  | 0.0%         |
| <b>Finance Division</b>   | <b>20,215,390</b>     | <b>20,836,642</b>     | <b>19,861,833</b>               | <b>20,053,213</b>             | <b>(783,429)</b>                            | <b>-3.8%</b> | <b>191,380</b>                                  | <b>1.0%</b>   | <b>20,225,684</b>                        | <b>\$ 172,471</b>                                  | <b>0.9%</b>  |
| Airport Planning  | 2,926,636             | 3,443,669             | 3,494,934                       | 2,633,946                     | (809,723)                                   | -23.5%       | (860,988)                                       | -24.6%        | 3,319,804                                | 685,858  | 26.0%        |
| Environmental Affairs   | 2,379,906             | 2,383,979             | 2,007,663                       | 3,138,939                     | 754,959                                     | 31.7%        | 1,131,276                                       | 56.3%         | 3,327,852                                | 188,914  | 6.0%         |
| Ground Transportation Compliance                                | -                     | -                     | -                               | 4,974,894                     | 4,974,894                                   | 0.0%         | 4,974,894                                       | 0.0%          | 5,171,245                                | 196,351  | 3.9%         |
| Landside Operations   | 8,654,419             | 10,662,248            | 12,284,454                      | 7,665,578                     | (2,996,670)                                 | -28.1%       | (4,618,876)                                     | -37.6%        | 7,832,106                                | 166,528  | 2.2%         |
| Airside Operations  | 7,070,875             | 8,140,396             | 8,302,592                       | 8,359,289                     | 218,893                                     | 2.7%         | 56,697  | 0.7%          | 8,847,495                                | 488,206  | 5.8%         |
| Ground Transportation Operations                                | 13,180,893            | 12,833,911            | 13,208,252                      | 13,974,309                    | 1,140,398                                   | 8.9%         | 766,057   | 5.8%          | 14,144,185                               | 169,875  | 1.2%         |
| Aviation Security and Public Safety                             | 20,772,530            | 20,156,109            | 21,082,201                      | 22,711,400                    | 2,555,291                                   | 12.7%        | 1,629,199                                       | 7.7%          | 24,885,271                               | 2,173,870  | 9.6%         |
| <b>Planning &amp; Operations Division</b>                       | <b>54,985,259</b>     | <b>57,620,313</b>     | <b>60,380,096</b>               | <b>63,458,356</b>             | <b>5,838,043</b>                            | <b>10.1%</b> | <b>3,078,260</b>                                | <b>5.1%</b>   | <b>67,527,958</b>                        | <b>\$ 4,069,602</b>                                | <b>6.4%</b>  |
| Facilities Management   | 21,091,920            | 22,143,830            | 24,340,484                      | 26,731,573                    | 4,587,742                                   | 20.7%        | 2,391,089                                       | 9.8%          | 28,391,525                               | 1,659,952  | 6.2%         |
| Airport Design and Construction                                 | 28,978                | 95,736                | 97,249                          | 41,812                        | (53,924)                                    | -56.3%       | (55,437)  | -57.0%        | 42,648                                   | 836  | 2.0%         |
| Facilities Development  | 648,305               | 1,946,467             | 2,129,655                       | 2,197,976                     | 251,510                                     | 12.9%        | 68,321  | 3.2%          | 2,392,278                                | 194,302  | 8.8%         |
| Quieter Home Program  | 14,567,154            | 15,044,008            | 15,045,242                      | 17,222,374                    | 2,178,365                                   | 14.5%        | 2,177,132                                       | 14.5%         | 14,996,571                               | (2,225,803)  | -12.9%       |
| Airport Noise Mitigation  | 616,843               | 691,314               | 711,592                         | 677,478                       | (13,837)                                    | -2.0%        | (34,114)  | -4.8%         | 698,410                                  | 20,932   | 3.1%         |
| <b>Development Division</b>                                     | <b>36,953,200</b>     | <b>39,921,356</b>     | <b>42,324,222</b>               | <b>46,871,213</b>             | <b>6,949,856</b>                            | <b>17.4%</b> | <b>4,546,991</b>                                | <b>10.7%</b>  | <b>46,521,432</b>                        | <b>\$ (349,781)</b>                                | <b>-0.7%</b> |
| Human Resources   | 1,951,289             | 2,397,909             | 2,217,798                       | 2,251,335                     | (146,574)                                   | -6.1%        | 33,537  | 1.5%          | 2,302,936                                | 51,601   | 2.3%         |
| Information Technology  | 4,657,925             | 5,391,411             | 5,893,673                       | 7,064,738                     | 1,673,328                                   | 31.0%        | 1,171,065                                       | 19.9%         | 7,235,513                                | 170,775  | 2.4%         |
| Procurement   | 1,206,565             | 1,431,542             | 1,485,930                       | 1,477,820                     | 46,278                                      | 3.2%         | (8,110)   | -0.5%         | 1,539,619                                | 61,799   | 4.2%         |
| Training & Organization Development                             | 497,259               | 565,972               | 579,172                         | 579,257                       | 13,285                                      | 2.3%         | 85  | 0.0%          | 605,170                                  | 25,913   | 4.5%         |
| Business Planning   | 439,364               | 473,474               | 492,278                         | 494,045                       | 20,571                                      | 4.3%         | 1,767   | 0.4%          | 514,058                                  | 20,013   | 4.1%         |
| Corporate Services  | 695,287               | 793,887               | 821,515                         | 847,272                       | 53,385                                      | 6.7%         | 25,757  | 3.1%          | 849,352                                  | 2,080  | 0.2%         |
| Marketing & Public Relations                                    | 4,670,473             | 5,152,864             | 4,587,438                       | 4,203,971                     | (948,892)                                   | -18.4%       | (383,467)                                       | -8.4%         | 4,298,296                                | 94,324   | 2.2%         |
| Risk Management   | 1,910,625             | 2,073,666             | 2,449,717                       | 2,533,803                     | 460,137                                     | 22.2%        | 84,086  | 3.4%          | 2,832,706                                | 298,903  | 11.8%        |
| <b>Administration Division</b>                                  | <b>16,028,787</b>     | <b>18,280,724</b>     | <b>18,527,521</b>               | <b>19,452,242</b>             | <b>1,171,518</b>                            | <b>6.4%</b>  | <b>924,721</b>                                  | <b>5.0%</b>   | <b>20,177,650</b>                        | <b>\$ 725,408</b>                                  | <b>3.7%</b>  |
| <b>Debt Service</b>   | <b>6,502,270</b>      | <b>47,643,080</b>     | <b>74,934,731</b>               | <b>58,027,215</b>             | <b>10,384,136</b>                           | <b>21.8%</b> | <b>(16,907,516)</b>                             | <b>-22.6%</b> | <b>64,640,770</b>                        | <b>6,613,555</b>                                   | <b>11.4%</b> |
| <b>Total Budget</b>   | <b>\$ 141,138,413</b> | <b>\$ 191,533,000</b> | <b>\$ 222,638,000</b>           | <b>\$ 215,304,000</b>         | <b>\$ 23,771,000</b>                        | <b>12.4%</b> | <b>\$ (7,334,000)</b>                           | <b>-3.3%</b>  | <b>\$ 226,429,000</b>                    | <b>\$ 11,125,000</b>                               | <b>5.2%</b>  |

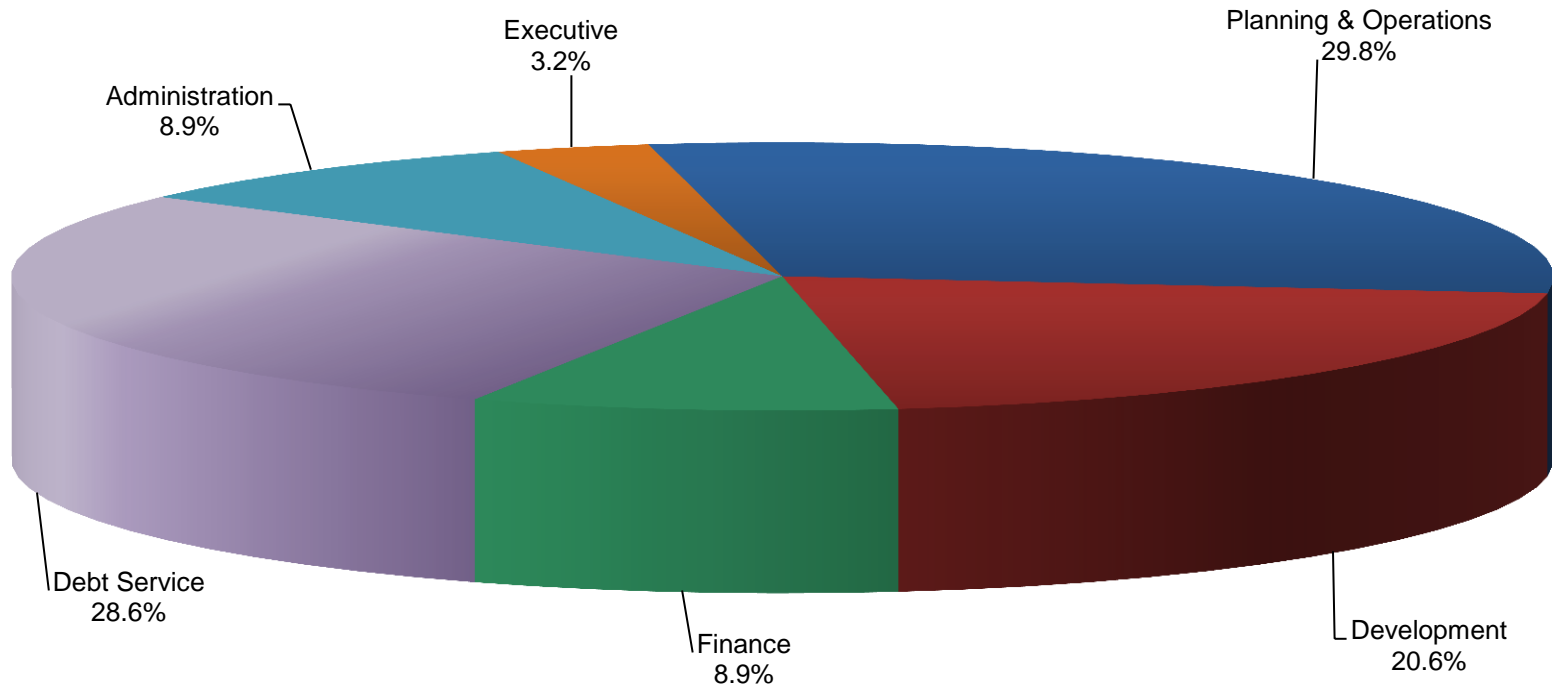
\* Post employment benefits were allocated to departments beginning in FY 2013

## FY 2014 Proposed Expense Budget by Division



Total FY 2014 Proposed Budget is \$215.3M

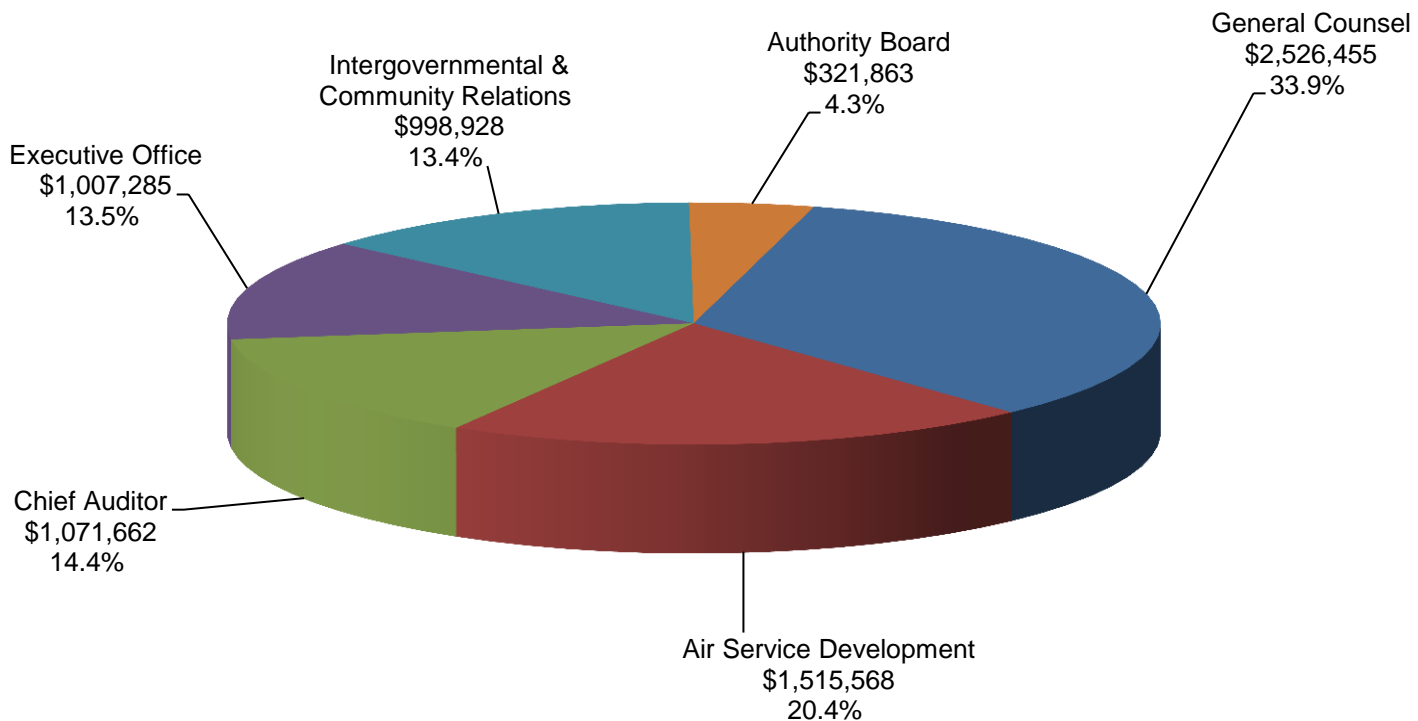
## FY 2015 Proposed Conceptual Expense Budget by Division



Total FY 2015 Proposed Conceptual Budget is \$226.4M

# Executive Division Overview

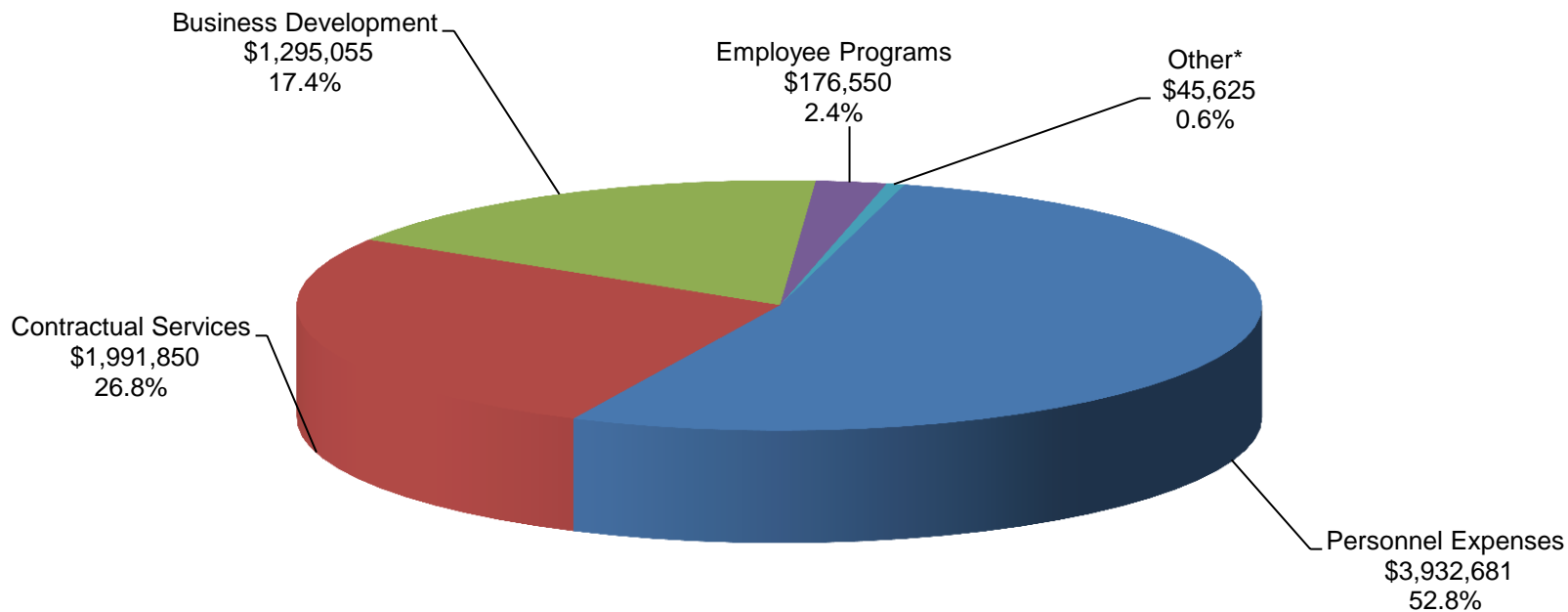
## FY 2014 Expense Summary by Department



Total FY 2014 Proposed Executive Division Budget is \$7.4M

# Executive Division Overview

## FY 2014 Expense Summary by Major Expense Category

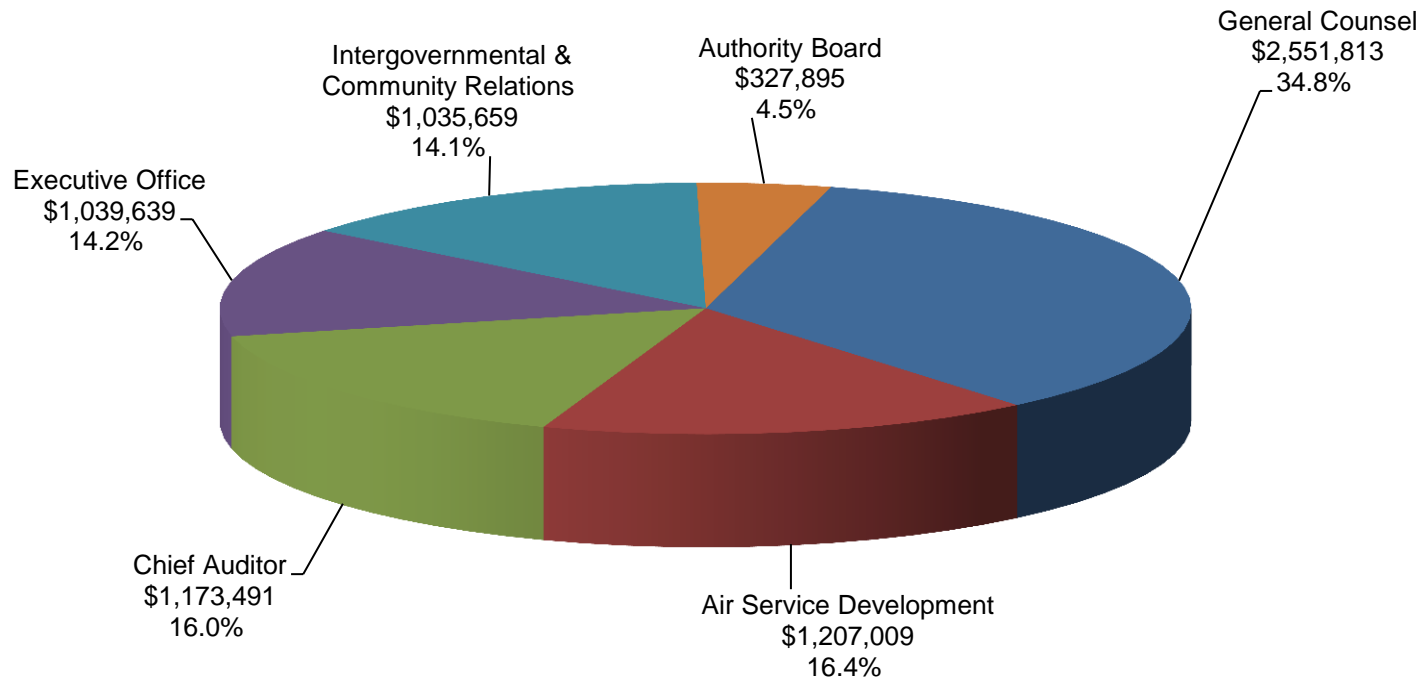


\*Other includes operating equipment & systems, operating supplies, equipment rentals & repairs, legal settlements, etc.

Total FY 2014 Proposed Executive Division Budget is \$7.4M

# Executive Division Overview

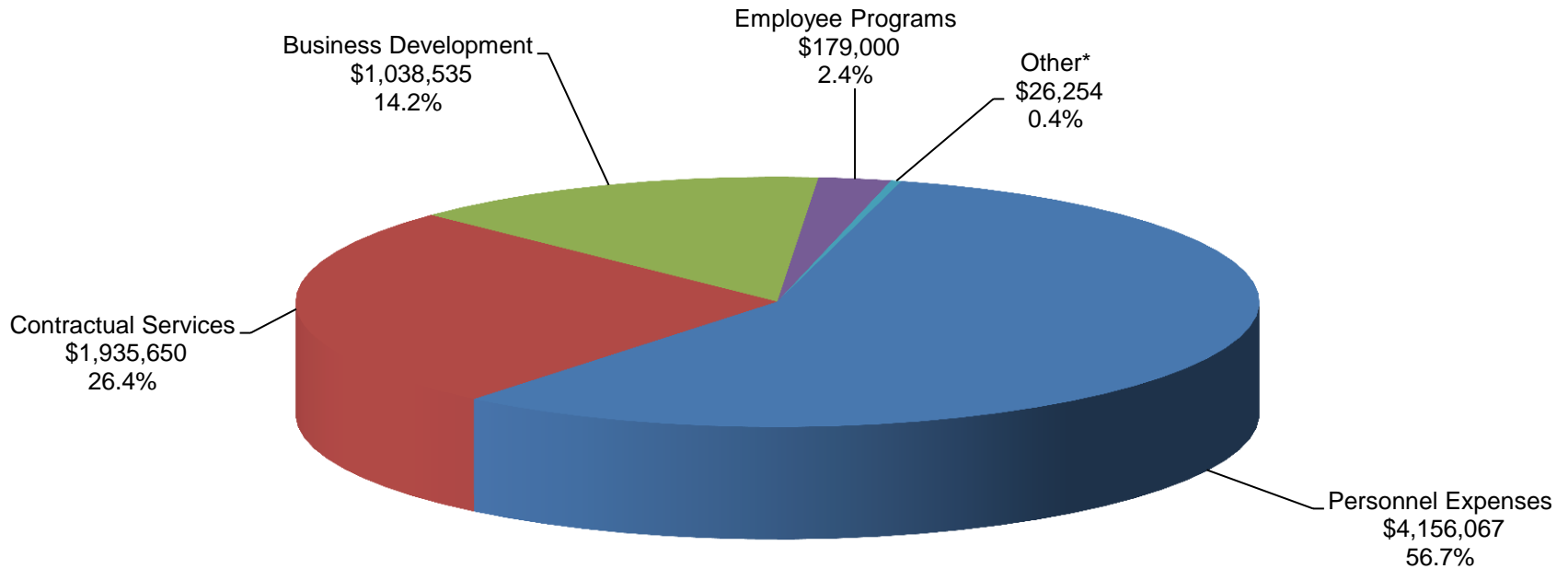
## FY 2015 Expense Summary by Department



Total FY 2015 Proposed Conceptual Executive Division Budget is \$7.3 M

# Executive Division Overview

## FY 2015 Expense Summary by Major Expense Category



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

Total FY 2015 Proposed Conceptual Executive Division Budget is \$7.3M

# Executive Division

## Expense Summary by Category

|   | FY 2012<br>Actuals  | FY 2013<br>Budget   | FY 2014<br>Conceptual<br>Budget | FY 2014<br>Proposed<br>Budget | Inc/(Dec)<br>FY14 Proposed<br>Budget vs<br>FY13 Budget | %<br>Change | Inc/(Dec)<br>FY14 Proposed vs<br>FY14 Conceptual | %<br>Change  | FY 2015 Proposed<br>Conceptual<br>Budget | Inc/(Dec)<br>FY15 Conceptual<br>vs FY14<br>Proposed<br>Budget | %<br>Change    |
|---|---------------------|---------------------|---------------------------------|-------------------------------|--|-------------|--|--------------|--|---|----------------|
| <b>Operating Expenses:</b>                        |                     |                     |                                 |                               |  |             |  |              |  |   |                |
| <b>Personnel Expenses</b>                         |                     |                     |                                 |                               |  |             |  |              |  |   |                |
| Salaries and Wages                                | \$ 2,493,974        | \$ 2,645,997        | \$ 2,726,523                    | \$ 2,710,454                  | \$ 64,457  | 2.4%        | \$ (16,070)                                      | -0.6%        | \$ 2,844,338                             | \$ 133,885  | 4.9%           |
| Premium Overtime                                  | -                   | -                   | -                               | -                             | -  | 0.0%        | -  | 0.0%         | -  | -   | 0.0%           |
| Employee Benefits                                 | 1,101,730           | 1,157,254           | 1,250,418                       | 1,222,227                     | 64,973   | 5.6%        | (28,190)   | -2.3%        | 1,311,728                                | 89,501  | 7.3%           |
| Subtotal  | 3,595,704           | 3,803,251           | 3,976,941                       | 3,932,681                     | 129,430  | 3.4%        | (44,260)   | -1.1%        | 4,156,067                                | 223,386   | 5.7%           |
| Less: Capitalized Labor                           | -                   | -                   | -                               | -                             | -  | 0.0%        | -  | 0.0%         | -  | -   | 0.0%           |
| Less: QHP - Labor/Burden/Labor Overhead           | -                   | -                   | -                               | -                             | -  | 0.0%        | -  | 0.0%         | -  | -   | 0.0%           |
| <b>Total Personnel Expenses</b>                   | <b>3,595,704</b>    | <b>3,803,251</b>    | <b>3,976,941</b>                | <b>3,932,681</b>              | <b>129,430</b>   | <b>3.4%</b> | <b>(44,260)</b>                                  | <b>-1.1%</b> | <b>4,156,067</b>                         | <b>223,386</b>  | <b>5.7%</b>    |
| <b>Non-Personnel Expenses</b>                     |                     |                     |                                 |                               |  |             |  |              |  |   |                |
| Contractual Services                              | 1,848,690           | 1,970,600           | 1,723,600                       | 1,991,850                     | 21,250   | 1.1%        | 268,250  | 15.6%        | 1,935,650                                | (56,200)  | -2.8%          |
| Safety and Security                               | -                   | -                   | -                               | -                             | -  | 0.0%        | -  | 0.0%         | -  | -   | 0.0%           |
| Space Rental                                      | -                   | -                   | -                               | -                             | -  | 0.0%        | -  | 0.0%         | -  | -   | 0.0%           |
| Utilities   | 237                 | 1,000               | 1,000                           | 900                           | (100)  | -10.0%      | (100)  | -10.0%       | 950                                      | 50  | 5.6%           |
| Maintenance                                       | 22                  | -                   | -                               | -                             | -  | 0.0%        | -  | 0.0%         | -  | -   | 0.0%           |
| Operating Equipment & Systems                     | 1,528               | 2,850               | 2,600                           | 2,700                         | (150)  | -5.3%       | 100  | 3.8%         | 2,700                                    | -   | 0.0%           |
| Operating Supplies                                | 12,064              | 15,275              | 15,275                          | 15,575                        | 300  | 2.0%        | 300  | 2.0%         | 15,929                                   | 354   | 2.3%           |
| Insurance   | -                   | -                   | -                               | -                             | -  | 0.0%        | -  | 0.0%         | -  | -   | 0.0%           |
| Employee Programs                                 | 138,343             | 165,263             | 162,828                         | 176,550                       | 11,287   | 6.8%        | 13,722   | 8.4%         | 179,000                                  | 2,450   | 1.4%           |
| Business Development                              | 680,796             | 1,246,797           | 701,502                         | 1,295,055                     | 48,258   | 3.9%        | 593,553  | 84.6%        | 1,038,535                                | (256,520)   | -19.8%         |
| Equipment Rentals & Repairs                       | 15,785              | 5,850               | 5,850                           | 6,450                         | 600  | 10.3%       | 600  | 10.3%        | 6,675                                    | 225   | 3.5%           |
| <b>Total Non-Personnel Expenses</b>               | <b>2,697,464</b>    | <b>3,407,634</b>    | <b>2,612,655</b>                | <b>3,489,080</b>              | <b>81,446</b>  | <b>2.4%</b> | <b>876,425</b>                                   | <b>33.5%</b> | <b>3,179,439</b>                         | <b>(309,641)</b>  | <b>-8.9%</b>   |
| <b>Total Operating Expenses</b>                   | <b>6,293,169</b>    | <b>7,210,886</b>    | <b>6,589,596</b>                | <b>7,421,761</b>              | <b>210,875</b>   | <b>2.9%</b> | <b>832,165</b>                                   | <b>12.6%</b> | <b>7,335,506</b>                         | <b>(86,255)</b>   | <b>-1.2%</b>   |
| <b>Non-Operating Expenses:</b>                    |                     |                     |                                 |                               |  |             |  |              |  |   |                |
| Legal Settlements Expense                         | 160,330             | 20,000              | 20,000                          | 20,000                        | -  | 0.0%        | -  | 0.0%         | -  | (20,000)  | -100.0%        |
| <b>Total Non-Operating Expenses</b>               | <b>160,330</b>      | <b>20,000</b>       | <b>20,000</b>                   | <b>20,000</b>                 | <b>-</b>   | <b>0.0%</b> | <b>-</b>   | <b>0.0%</b>  | <b>-</b>                                 | <b>(20,000)</b>   | <b>-100.0%</b> |
| <b>Total Expenses</b>                             | <b>6,453,499</b>    | <b>7,230,886</b>    | <b>6,609,596</b>                | <b>7,441,761</b>              | <b>210,875</b>   | <b>2.9%</b> | <b>832,165</b>                                   | <b>12.6%</b> | <b>7,335,506</b>                         | <b>(106,255)</b>  | <b>-1.4%</b>   |
| <b>Equipment Outlay</b>                           | <b>-</b>            | <b>-</b>            | <b>-</b>                        | <b>-</b>                      | <b>-</b>   | <b>0.0%</b> | <b>-</b>   | <b>0.0%</b>  | <b>-</b>                                 | <b>-</b>  | <b>0.0%</b>    |
| <b>Total Authority Expenses incl Equip Outlay</b> | <b>\$ 6,453,499</b> | <b>\$ 7,230,886</b> | <b>\$ 6,609,596</b>             | <b>\$ 7,441,761</b>           | <b>\$ 210,875</b>                                      | <b>2.9%</b> | <b>\$ 832,165</b>                                | <b>12.6%</b> | <b>\$ 7,335,506</b>                      | <b>\$ (106,255)</b>   | <b>-1.4%</b>   |

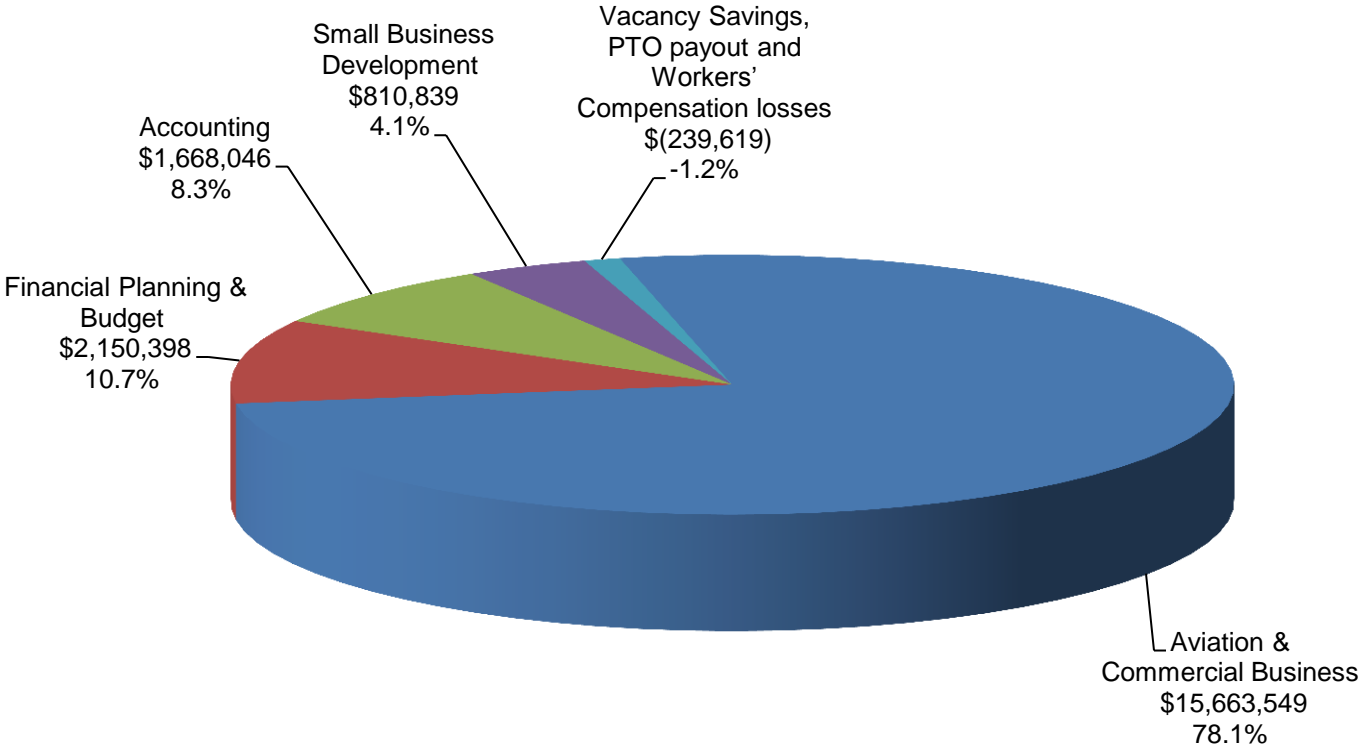


|  | Inc/(Dec)<br>FY14 vs<br>FY13 Budget | Inc/(Dec)<br>FY14 vs<br>FY14 Conceptual |
|--|-------------------------------------|---|
| <b>FY 2013 Budget / FY 2014 Conceptual Budget</b>  | <b>\$ 7,230,886</b>                 | <b>\$ 6,609,596</b>                     |
| <b>Personnel costs</b>   |                                     |   |
| Burden (benefits & employer taxes) increase for current staff  | 57,950                              | (35,213)                                |
| Salary adjustments and pay-for-performance   | 45,707                              | (34,820)                                |
| 1 new position - Auditor, (salaries, benefits & employer taxes)  | 25,773                              | 25,773                                  |
| <b>Total Increase / Decrease in personnel costs</b>  | <b>129,430</b>                      | <b>(44,260)</b>                         |
| Increase in business development travel costs  | 30,600                              | 30,600                                  |
| Increase in outside legal services costs   | 20,000                              | 220,000                                 |
| Promotional activities costs for table sponsorships and community outreach transferred from Marketing    | 19,955                              | 19,955                                  |
| Increase in audit service costs for quality assessment review  | 17,000                              | 10,000                                  |
| Increase in domestic and international air service development marketing costs due to timing of expenses | -                                   | 565,000                                 |
| Decrease / Increase in outside professional consultant costs   | (12,500)                            | 37,500                                  |
| Other, net   | 6,391                               | (6,629)                                 |
| <b>Total Increase in non-personnel costs</b>   | <b>81,446</b>                       | <b>876,425</b>                          |
| <b>Total Increase</b>  | <b>210,875</b>                      | <b>832,165</b>                          |
| <b>FY 2014 Proposed Budget</b>   | <b>\$ 7,441,761</b>                 | <b>\$ 7,441,761</b>                     |

|  | Inc/(Dec)<br>FY15 Conceptual<br>vs FY14 |
|--|---|
| <b>FY 2014 Proposed Budget</b>   | <b>\$ 7,441,761</b>                     |
| <b>Personnel costs</b>   |   |
| Salary adjustments and pay-for-performance   | 133,885                                 |
| Burden (benefits & employer taxes) increase for current staff                          | 89,501                                  |
| <b>Total Increase in personnel costs</b>   | <b>223,386</b>                          |
| Increase in business development travel costs  | 10,000                                  |
| Increase in promotional activities for table sponsorships and community outreach costs | 500                                     |
| Decrease in audit service costs for quality assessment review                          | (17,000)                                |
| Decrease in outside professional consultant costs                                      | (39,500)                                |
| Decrease in domestic and international air service development marketing costs         | (275,000)                               |
| Other, net   | (8,640)                                 |
| <b>Total Decrease in non-personnel costs</b>   | <b>(329,641)</b>                        |
| <b>Total Decrease</b>  | <b>(106,255)</b>                        |
| <b>FY 2015 Proposed Conceptual Budget</b>  | <b>\$ 7,335,506</b>                     |

# Finance Division Overview

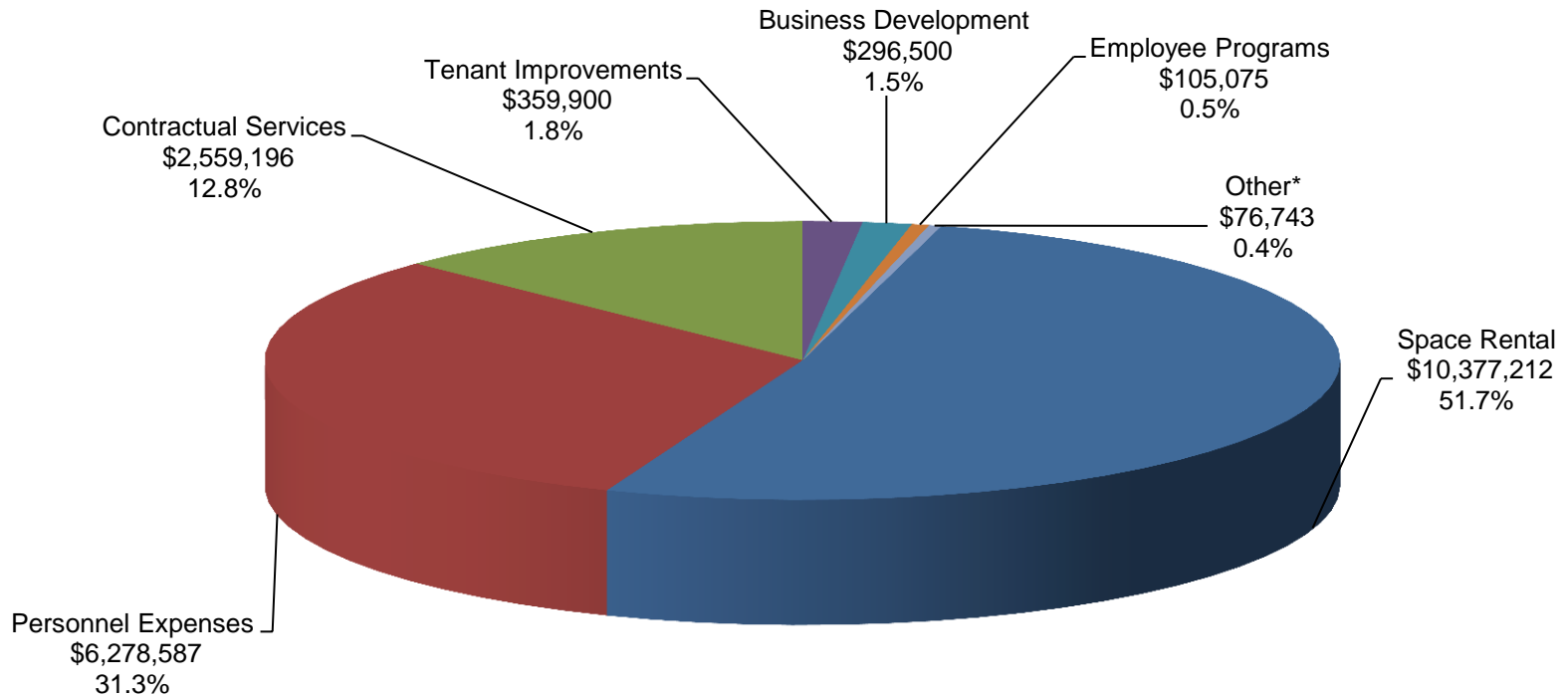
## FY 2014 Expense Summary by Department



Total FY 2014 Proposed Finance Division Budget is \$20.1M

# Finance Division Overview

## FY 2014 Expense Summary by Major Expense Category

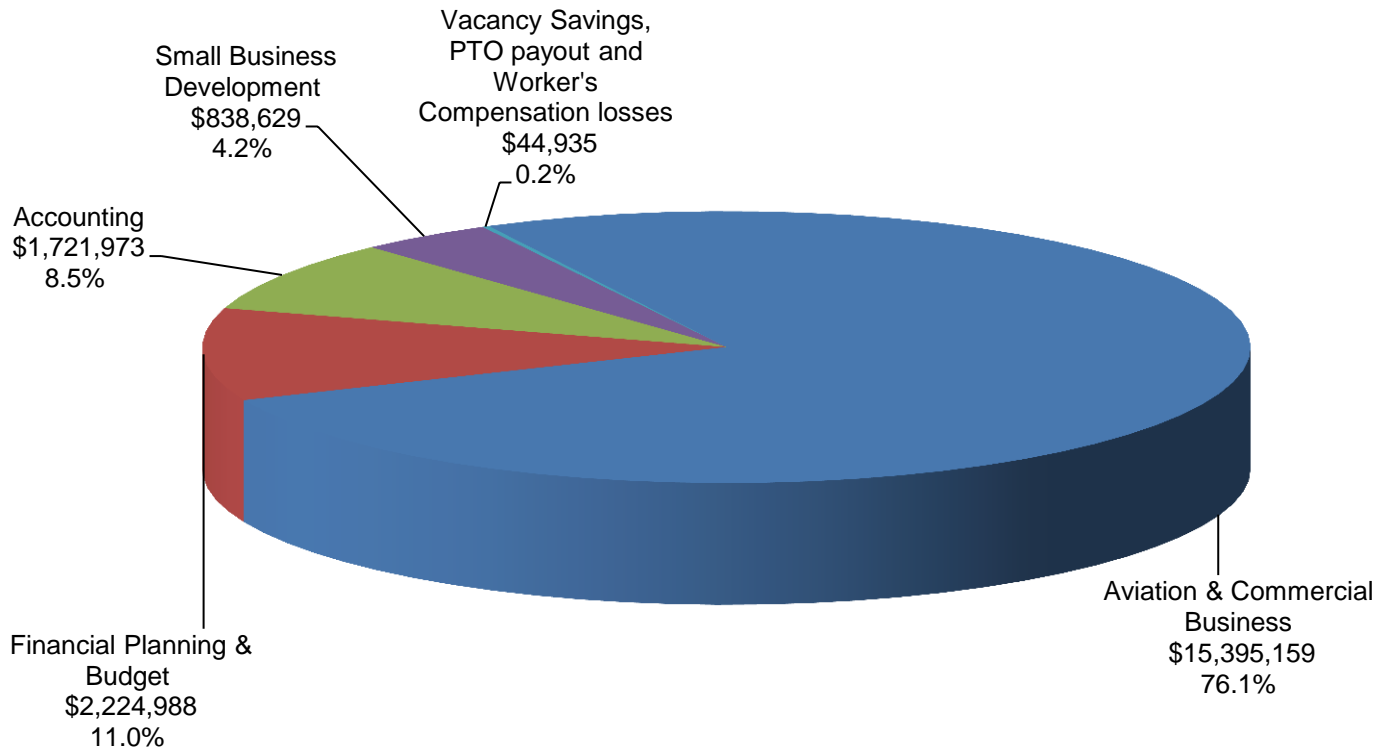


\*Other includes utilities, maintenance, operating equipment & systems, operating supplies, equipment rentals and repairs

Total FY 2014 Proposed Finance Division Budget is \$20.1M

# Finance Division Overview

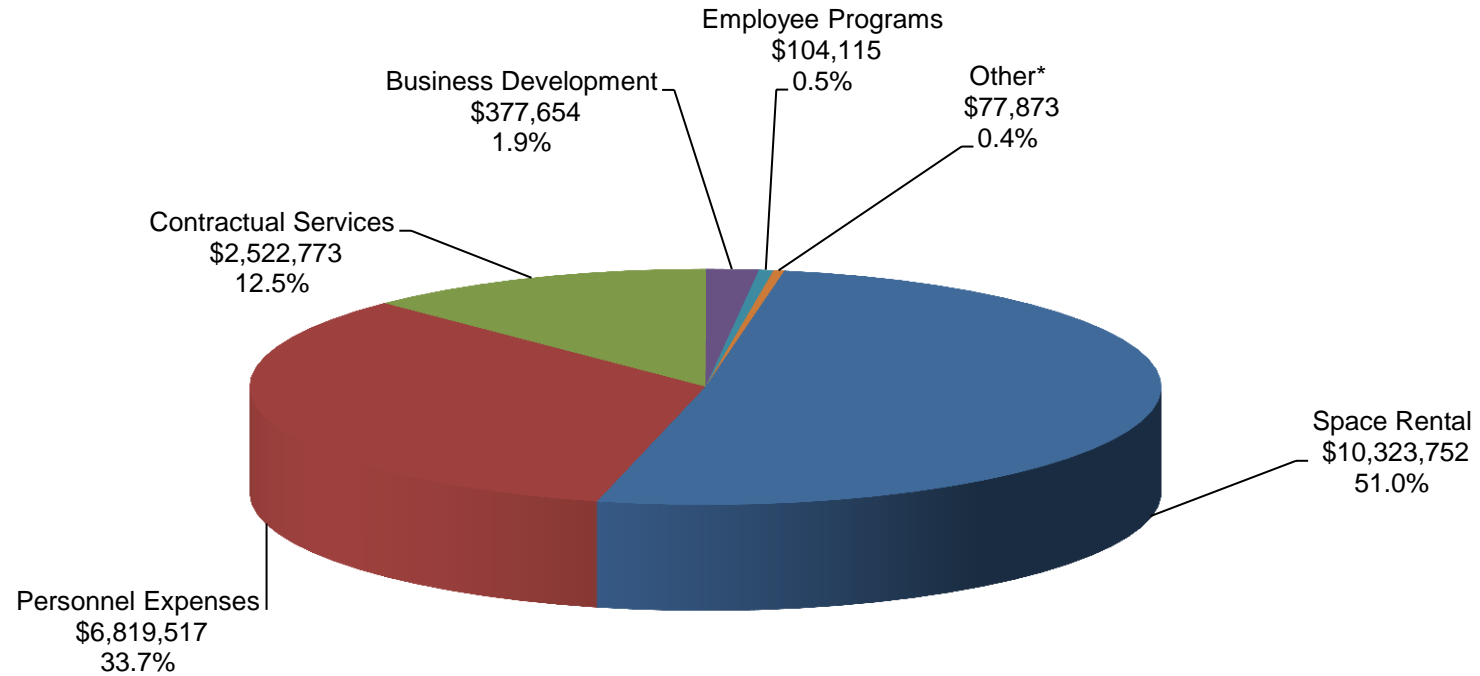
## FY 2015 Expense Summary by Department



Total FY 2015 Proposed Conceptual Finance Division Budget is \$20.2M

# Finance Division Overview

## FY 2015 Expense Summary by Major Expense Category



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

Total FY 2015 Proposed Conceptual Finance Division Budget is \$20.2M

# Finance Division

## Expense Summary by Category

|   | FY 2012<br>Actuals   | FY 2013<br>Budget    | FY 2014<br>Conceptual<br>Budget | FY 2014<br>Proposed<br>Budget | Inc/(Dec)<br>FY14 Proposed<br>Budget vs<br>FY13 Budget | %<br>Change  | Inc/(Dec)<br>FY14 Proposed vs<br>FY14 Conceptual | %<br>Change  | FY 2015 Proposed<br>Conceptual<br>Budget | Inc/(Dec)<br>FY15 Conceptual<br>vs FY14<br>Proposed<br>Budget | %<br>Change  |
|---|----------------------|----------------------|---------------------------------|-------------------------------|--|--------------|--|--------------|--|---|--------------|
| <b>Operating Expenses:</b>                        |                      |                      |                                 |                               |  |              |  |              |  |   |              |
| <b>Personnel Expenses</b>                         |                      |                      |                                 |                               |  |              |  |              |  |   |              |
| Salaries and Wages                                | \$ 3,413,679         | \$ 4,496,320         | \$ 4,444,645                    | \$ 4,395,580                  | \$ (100,740)   | -2.2%        | \$ (49,065)                                      | -1.1%        | \$ 4,717,215                             | \$ 321,635  | 7.3%         |
| Premium Overtime                                  | 5,175                | -                    | -                               | -                             | -  | 0.0%         | -  | 0.0%         | -  | -   | 0.0%         |
| Employee Benefits                                 | 3,651,588            | 2,163,592            | 2,202,633                       | 1,985,724                     | (177,869)  | -8.2%        | (216,909)  | -9.8%        | 2,209,222                                | 223,498   | 11.3%        |
| Subtotal  | 7,070,442            | 6,659,913            | 6,647,278                       | 6,381,304                     | (278,609)  | -4.2%        | (265,975)  | -4.0%        | 6,926,436                                | 545,132   | 8.5%         |
| Less: Capitalized Labor                           | (86,662)             | (118,545)            | -                               | (102,717)                     | 15,828   | -13.4%       | (102,717)  | 0.0%         | (106,919)                                | (4,202)   | 4.1%         |
| Less: QHP - Labor/Burden/Labor Overhead           | -                    | -                    | -                               | -                             | -  | 0.0%         | -  | 0.0%         | -  | -   | 0.0%         |
| <b>Total Personnel Expenses *</b>                 | <b>6,983,781</b>     | <b>6,541,368</b>     | <b>6,647,278</b>                | <b>6,278,587</b>              | <b>(262,781)</b>                                       | <b>-4.0%</b> | <b>(368,691)</b>                                 | <b>-5.5%</b> | <b>6,819,517</b>                         | <b>540,930</b>  | <b>8.6%</b>  |
| <b>Non-Personnel Expenses</b>                     |                      |                      |                                 |                               |  |              |  |              |  |   |              |
| Contractual Services                              | 1,283,614            | 1,787,658            | 2,392,450                       | 2,559,196                     | 771,538  | 43.2%        | 166,746  | 7.0%         | 2,522,773                                | (36,423)  | -1.4%        |
| Safety and Security                               | -                    | -                    | -                               | -                             | -  | 0.0%         | -  | 0.0%         | -  | -   | 0.0%         |
| Space Rental                                      | 11,414,838           | 11,415,145           | 10,380,760                      | 10,377,212                    | (1,037,933)  | -9.1%        | (3,548)  | 0.0%         | 10,323,752                               | (53,460)  | -0.5%        |
| Utilities   | 2,594                | 1,950                | 1,950                           | 3,750                         | 1,800  | 92.3%        | 1,800  | 92.3%        | 3,750                                    | -   | 0.0%         |
| Maintenance                                       | 18,140               | 18,593               | 19,070                          | 18,593                        | -  | 0.0%         | (477)  | -2.5%        | 18,593                                   | -   | 0.0%         |
| Operating Equipment & Systems                     | 27,950               | 12,000               | 4,500                           | 5,500                         | (6,500)  | -54.2%       | 1,000  | 22.2%        | 5,500                                    | -   | 0.0%         |
| Operating Supplies                                | 22,310               | 30,260               | 26,150                          | 28,400                        | (1,860)  | -6.1%        | 2,250  | 8.6%         | 28,530                                   | 130   | 0.5%         |
| Insurance   | -                    | -                    | -                               | -                             | -  | 0.0%         | -  | 0.0%         | -  | -   | 0.0%         |
| Employee Programs                                 | 67,649               | 96,775               | 94,075                          | 105,075                       | 8,300  | 8.6%         | 11,000   | 11.7%        | 104,115                                  | (960)   | -0.9%        |
| Business Development                              | 242,994              | 370,700              | 118,200                         | 296,500                       | (74,200)   | -20.0%       | 178,300  | 150.8%       | 377,654                                  | 81,154  | 27.4%        |
| Equipment Rentals & Repairs                       | 46,375               | 45,392               | 12,500                          | 20,500                        | (24,892)   | -54.8%       | 8,000  | 64.0%        | 21,500                                   | 1,000   | 4.9%         |
| Tenant Improvements                               | 70,800               | 516,800              | 164,900                         | 359,900                       | (156,900)  | -30.4%       | 195,000  | 118.3%       | -  | (359,900)   | -100.0%      |
| <b>Total Non-Personnel Expenses</b>               | <b>13,197,263</b>    | <b>14,295,274</b>    | <b>13,214,555</b>               | <b>13,774,626</b>             | <b>(520,648)</b>                                       | <b>-3.6%</b> | <b>560,071</b>                                   | <b>4.2%</b>  | <b>13,406,167</b>                        | <b>(368,459)</b>  | <b>-2.7%</b> |
| <b>Total Operating Expenses</b>                   | <b>20,181,044</b>    | <b>20,836,642</b>    | <b>19,861,833</b>               | <b>20,053,213</b>             | <b>(783,429)</b>                                       | <b>-3.8%</b> | <b>191,380</b>                                   | <b>1.0%</b>  | <b>20,225,684</b>                        | <b>172,471</b>  | <b>0.9%</b>  |
| <b>Total Non-Operating Expenses</b>               | <b>-</b>             | <b>-</b>             | <b>-</b>                        | <b>-</b>                      | <b>-</b>   | <b>0.0%</b>  | <b>-</b>   | <b>0.0%</b>  | <b>-</b>                                 | <b>-</b>  | <b>0.0%</b>  |
| <b>Total Expenses</b>                             | <b>20,181,044</b>    | <b>20,836,642</b>    | <b>19,861,833</b>               | <b>20,053,213</b>             | <b>(783,429)</b>                                       | <b>-3.8%</b> | <b>191,380</b>                                   | <b>1.0%</b>  | <b>20,225,684</b>                        | <b>172,471</b>  | <b>0.9%</b>  |
| <b>Equipment Outlay</b>                           | <b>34,346</b>        | <b>-</b>             | <b>-</b>                        | <b>-</b>                      | <b>-</b>   | <b>0.0%</b>  | <b>-</b>   | <b>0.0%</b>  | <b>-</b>                                 | <b>-</b>  | <b>0.0%</b>  |
| <b>Total Authority Expenses incl Equip Outlay</b> | <b>\$ 20,215,390</b> | <b>\$ 20,836,642</b> | <b>\$ 19,861,833</b>            | <b>\$ 20,053,213</b>          | <b>\$ (783,429)</b>                                    | <b>-3.8%</b> | <b>\$ 191,380</b>                                | <b>1.0%</b>  | <b>\$ 20,225,684</b>                     | <b>\$ 172,471</b>   | <b>0.9%</b>  |

\* Personnel costs include vacancy savings and paid time off payout

|  | Inc/(Dec)<br>FY14 vs<br>FY13 Budget | Inc/(Dec)<br>FY14 vs<br>FY14 Conceptual |
|--|-------------------------------------|---|
| <b>FY 2013 Budget / FY 2014 Conceptual</b>                                     | <b>\$ 20,836,642</b>                | <b>\$ 19,861,833</b>                    |
| <b>Personnel costs</b>   |                                     |   |
| 1 New position and 1 eliminated position (salaries, benefits & employer taxes) | 84,916                              | 103,810                                 |
| Changes in capitalized labor costs   | 15,828                              | (102,717)                               |
| Salary adjustments and pay-for-performance                                     | (153,580)                           | (120,800)                               |
| Burden (benefits & employer taxes) decrease for current staff                  | (209,945)                           | (248,985)                               |
| <b>Total Decrease in personnel costs *</b>                                     | <b>(262,781)</b>                    | <b>(368,691)</b>                        |
| Increase in Receiving & Distribution Center (RDC) operator costs               | 694,788                             | 73,996                                  |
| Increase in marketing materials for Concession Development Program (CDP)       | 164,400                             | 164,400                                 |
| Decrease / Increase in tenant improvements                                     | (156,900)                           | 195,000                                 |
| Decrease / Increase in promotional activities costs                            | (234,000)                           | 4,000                                   |
| Decrease in space rental   | (1,037,933)                         | (3,548)                                 |
| Other, net   | 48,998                              | 126,223                                 |
| <b>Total Decrease / Increase in non-personnel costs</b>                        | <b>(520,648)</b>                    | <b>560,071</b>                          |
| <b>Total Decrease / Increase</b>   | <b>(783,429)</b>                    | <b>191,380</b>                          |
| <b>FY 2014 Proposed Budget</b>   | <b>\$ 20,053,213</b>                | <b>\$ 20,053,213</b>                    |

\* Personnel costs include vacancy savings and paid time off payout



|  | <b>Inc / (Dec)</b><br><b>FY15 Conceptual</b><br><b>vs FY14</b> |
|--|--|
|  | <hr/>  |
| <b>FY 2014 Proposed Budget</b>   | <b>\$ 20,053,213</b>   |
| <b>Personnel costs</b>   |  |
| Salary adjustments and pay-for-performance                               | 321,635  |
| Burden (benefits & employer taxes) Increase for current staff            | 223,498  |
| Changes in capitalized labor costs                                       | (4,202)  |
| <b>Total Increase in personnel costs *</b>                               | <hr/> <b>540,930</b>   |
| Increase in marketing materials for Concession Development Program (CDP) | 62,700   |
| Increase in Receiving & Distribution Center (RDC) operator costs         | 35,404   |
| Increase in promotional activities costs                                 | 16,500   |
| Decrease in space rental   | (53,460)   |
| Decrease in tenant improvements  | (359,900)  |
| Other, net   | (69,703)   |
| <b>Total Decrease in non-personnel costs</b>                             | <hr/> <b>(368,459)</b>   |
| <b>Total Increase</b>  | <hr/> <b>172,471</b>   |
| <b>FY 2015 Proposed Conceptual Budget</b>                                | <hr/> <b>\$ 20,225,684</b> <hr/>                               |

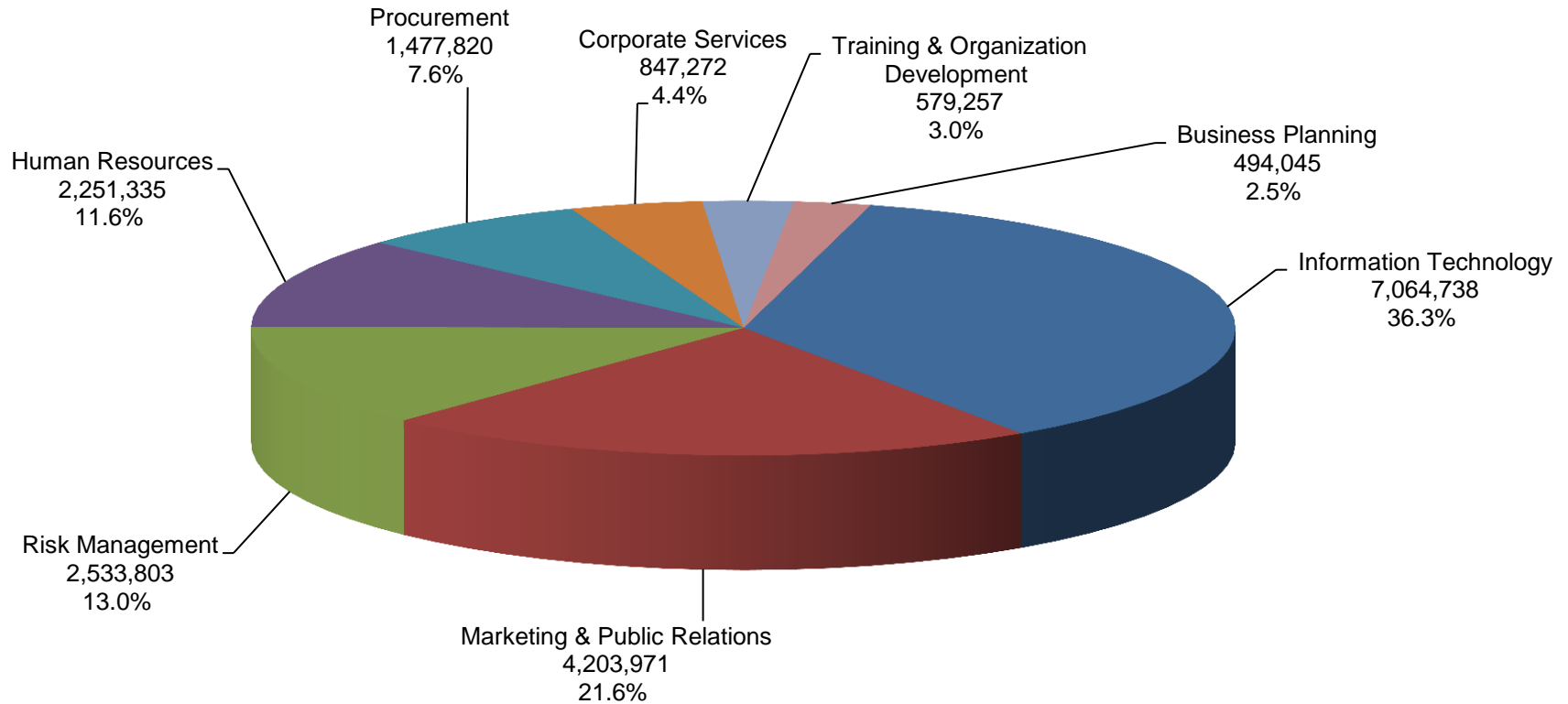
\* Personnel costs include vacancy savings and paid time off payout

# Debt Service Summary

|   | FY 2012<br>Actuals  | FY 2013<br>Budget    | FY 2014<br>Conceptual<br>Budget | FY 2014<br>Proposed<br>Budget | Inc/(Dec)<br>FY14 Proposed<br>Budget vs<br>FY13 Budget | %<br>Change  | Inc/(Dec)<br>FY14 Proposed vs<br>FY14 Conceptual | %<br>Change   | FY 2015 Proposed<br>Conceptual<br>Budget | Inc/(Dec)<br>FY15 Conceptual<br>vs FY14<br>Proposed<br>Budget | %<br>Change  |
|---|---------------------|----------------------|---------------------------------|-------------------------------|--|--------------|--|---------------|--|---|--------------|
| <b>Debt Service</b>                               |                     |                      |                                 |                               |  |              |  |               |  |   |              |
| Principal on Commercial Paper                     | 780,000             | 805,000              | 960,000                         | 6,065,000                     | 5,260,000  | 653.4%       | 5,105,000  | 531.8%        | 6,149,000                                | 84,000  | 1.4%         |
| Principal on Revenue Bonds                        | 4,410,000           | 4,610,000            | 9,575,000                       | 5,785,000                     | 1,175,000  | 25.5%        | (3,790,000)                                      | -39.6%        | 10,695,000                               | 4,910,000   | 84.9%        |
| Interest Expense - Capitalized Leases             | -                   | -                    | -                               | 877,298                       | 877,298  | 0.0%         | 877,298  | 0.0%          | 877,298                                  | -   | 0.0%         |
| Interest on Revenue Bonds and Commercial Paper    | 2,107,034           | 42,875,729           | 64,923,616                      | 48,988,040                    | 6,112,310  | 14.3%        | (15,935,576)                                     | -24.5%        | 50,080,268                               | 1,092,228   | 2.2%         |
| Fees  | 262,691             | 354,577              | 385,913                         | 315,674                       | (38,903)   | -11.0%       | (70,239)   | -18.2%        | 767,690                                  | 452,016   | 143.2%       |
| Amortization of Bond Premium and Cost of Issuance | (1,057,455)         | (1,002,227)          | (909,798)                       | (4,003,797)                   | (3,001,570)  | 299.5%       | (3,093,999)                                      | 340.1%        | (3,928,486)                              | 75,311  | -1.9%        |
| <b>Total Debt Service</b>                         | <b>\$ 6,502,270</b> | <b>\$ 47,643,080</b> | <b>\$ 74,934,731</b>            | <b>\$ 58,027,215</b>          | <b>\$ 10,384,136</b>                                   | <b>21.8%</b> | <b>\$ (16,907,516)</b>                           | <b>-22.6%</b> | <b>\$ 64,640,770</b>                     | <b>\$ 6,613,555</b>   | <b>11.4%</b> |

# Administration Division Overview

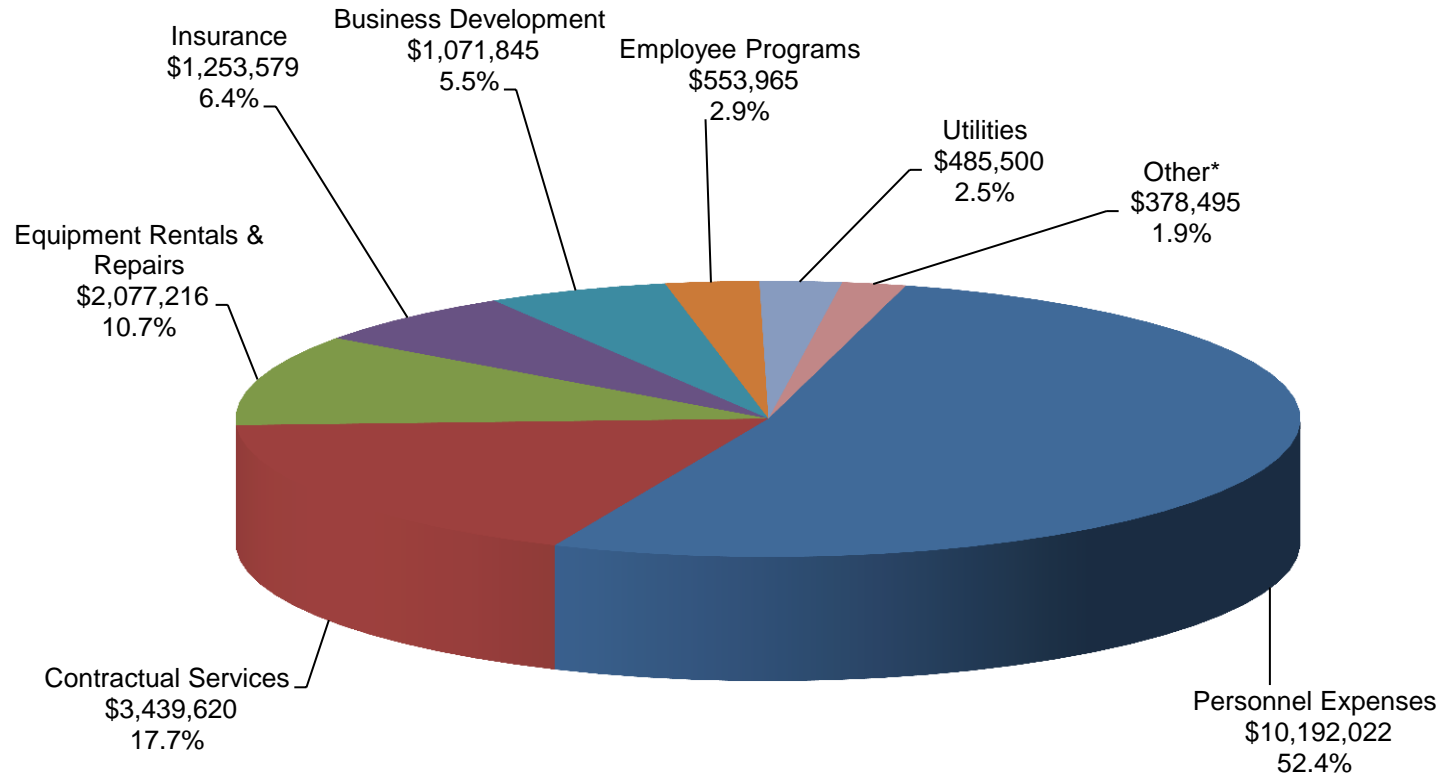
## FY 2014 Expense Summary by Department



Total FY 2014 Proposed Administration Division Budget is \$19.5M

# Administration Division Overview

## FY 2014 Expense Summary by Major Expense Category

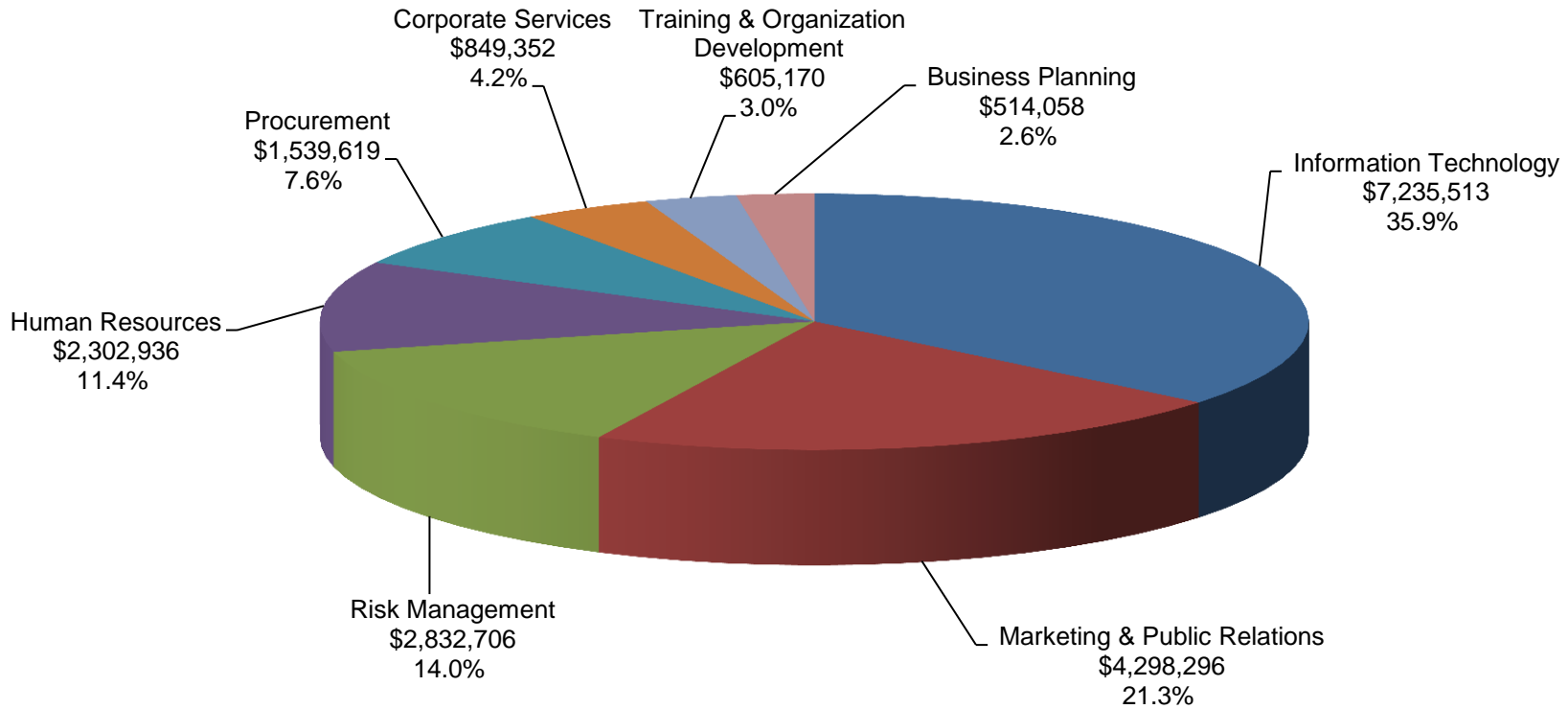


\*Other includes operating equipment & systems, operating supplies, etc.

Total FY 2014 Proposed Administration Division Budget is \$19.5M

# Administration Division Overview

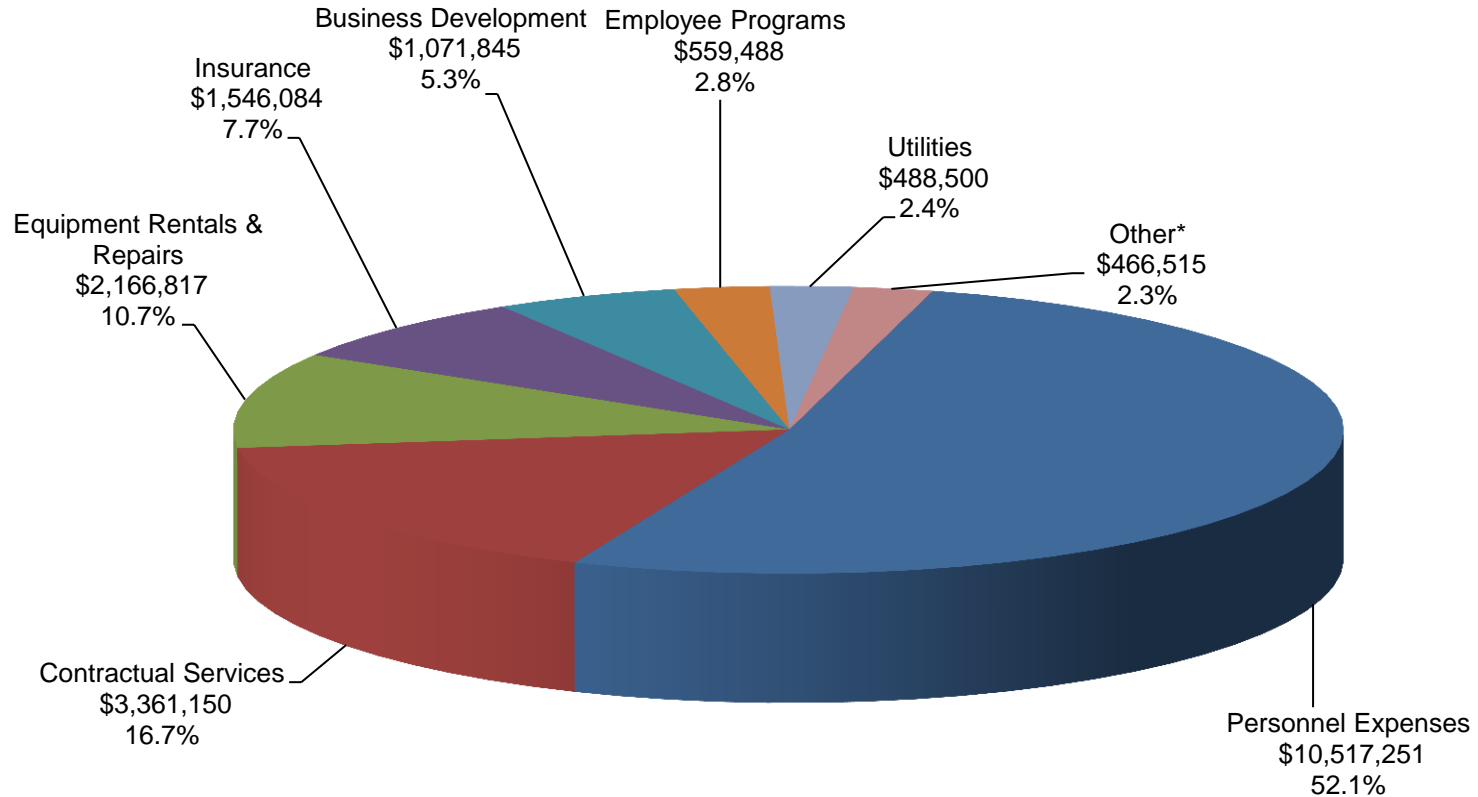
## FY 2015 Expense Summary by Department



Total FY 2015 Proposed Conceptual Administration Division Budget is \$20.2M

# Administration Division Overview

## FY 2015 Expense Summary by Major Expense Category



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

Total FY 2015 Proposed Conceptual Administration Division Budget is \$20.2M

# Administration Division Expense Summary by Category

|   | FY 2012<br>Actuals   | FY 2013<br>Budget    | FY 2014<br>Conceptual<br>Budget | FY 2014<br>Proposed<br>Budget | Inc/(Dec)<br>FY14 Proposed<br>Budget vs<br>FY13 Budget | %<br>Change  | Inc/(Dec)<br>FY14 Proposed vs<br>FY14 Conceptual | %<br>Change  | FY 2015 Proposed<br>Conceptual<br>Budget | Inc/(Dec)<br>FY15 Conceptual<br>vs FY14<br>Proposed<br>Budget | %<br>Change |
|---|----------------------|----------------------|---------------------------------|-------------------------------|--|--------------|--|--------------|--|---|-------------|
| <b>Operating Expenses:</b>                        |                      |                      |                                 |                               |  |              |  |              |  |   |             |
| <b>Personnel Expenses</b>                         |                      |                      |                                 |                               |  |              |  |              |  |   |             |
| Salaries and Wages                                | \$ 6,039,738         | \$ 6,442,963         | \$ 6,700,822                    | \$ 6,623,602                  | \$ 180,639   | 2.8%         | \$ (77,221)                                      | -1.2%        | \$ 6,792,206                             | \$ 168,604  | 2.5%        |
| Premium Overtime                                  | 177,549              | 153,500              | 153,500                         | 202,400                       | 48,900   | 31.9%        | 48,900   | 31.9%        | 150,400                                  | (52,000)  | -25.7%      |
| Employee Benefits                                 | 2,792,140            | 3,282,700            | 3,512,285                       | 3,440,213                     | 157,512  | 4.8%         | (72,072)   | -2.1%        | 3,651,951                                | 211,738   | 6.2%        |
| Subtotal  | 9,009,427            | 9,879,163            | 10,366,607                      | 10,266,214                    | 387,051  | 3.9%         | (100,393)  | -1.0%        | 10,594,557                               | 328,343   | 3.2%        |
| Less: Capitalized Labor                           | -                    | -                    | -                               | (74,193)                      | (74,193)   | 0.0%         | (74,193)   | 0.0%         | (77,306)                                 | (3,114)   | 4.2%        |
| Less: QHP - Labor/Burden/Labor Overhead           | -                    | -                    | -                               | -                             | -  | 0.0%         | -  | 0.0%         | -  | -   | 0.0%        |
| <b>Total Personnel Expenses</b>                   | <b>9,009,427</b>     | <b>9,879,163</b>     | <b>10,366,607</b>               | <b>10,192,022</b>             | <b>312,859</b>   | <b>3.2%</b>  | <b>(174,585)</b>                                 | <b>-1.7%</b> | <b>10,517,251</b>                        | <b>325,229</b>  | <b>3.2%</b> |
| <b>Non-Personnel Expenses</b>                     |                      |                      |                                 |                               |  |              |  |              |  |   |             |
| Contractual Services                              | 3,223,042            | 3,174,620            | 2,905,620                       | 3,439,620                     | 265,000  | 8.3%         | 534,000  | 18.4%        | 3,361,150                                | (78,470)  | -2.3%       |
| Safety and Security                               | -                    | -                    | -                               | -                             | -  | 0.0%         | -  | 0.0%         | -  | -   | 0.0%        |
| Space Rental                                      | -                    | 1,200                | 1,200                           | 1,200                         | -  | 0.0%         | -  | 0.0%         | 1,200                                    | -   | 0.0%        |
| Utilities   | 362,435              | 398,625              | 493,625                         | 485,500                       | 86,875   | 21.8%        | (8,125)  | -1.6%        | 488,500                                  | 3,000   | 0.6%        |
| Maintenance                                       | -                    | -                    | -                               | -                             | -  | 0.0%         | -  | 0.0%         | -  | -   | 0.0%        |
| Operating Equipment & Systems                     | 284,997              | 276,750              | 277,150                         | 322,850                       | 46,100   | 16.7%        | 45,700   | 16.5%        | 329,000                                  | 6,150   | 1.9%        |
| Operating Supplies                                | 35,953               | 50,950               | 66,600                          | 67,500                        | 16,550   | 32.5%        | 900  | 1.4%         | 68,000                                   | 500   | 0.7%        |
| Insurance   | 764,193              | 872,318              | 1,237,234                       | 1,253,579                     | 381,261  | 43.7%        | 16,345   | 1.3%         | 1,546,084                                | 292,505   | 23.3%       |
| Employee Programs                                 | 422,356              | 529,492              | 538,650                         | 553,965                       | 24,473   | 4.6%         | 15,315   | 2.8%         | 559,488                                  | 5,523   | 1.0%        |
| Business Development                              | 1,010,779            | 1,687,525            | 1,054,945                       | 1,058,790                     | (628,735)  | -37.3%       | 3,845  | 0.4%         | 1,140,160                                | 81,370  | 7.7%        |
| Equipment Rentals & Repairs                       | 909,526              | 1,410,081            | 1,585,890                       | 2,077,216                     | 667,135  | 47.3%        | 491,326  | 31.0%        | 2,166,817                                | 89,601  | 4.3%        |
| <b>Total Non-Personnel Expenses</b>               | <b>7,013,280</b>     | <b>8,401,561</b>     | <b>8,160,914</b>                | <b>9,260,220</b>              | <b>858,659</b>   | <b>10.2%</b> | <b>1,099,306</b>                                 | <b>13.5%</b> | <b>9,660,399</b>                         | <b>400,179</b>  | <b>4.3%</b> |
| <b>Total Operating Expenses</b>                   | <b>16,022,707</b>    | <b>18,280,724</b>    | <b>18,527,521</b>               | <b>19,452,242</b>             | <b>1,171,518</b>                                       | <b>6.4%</b>  | <b>924,721</b>                                   | <b>5.0%</b>  | <b>20,177,650</b>                        | <b>725,408</b>  | <b>3.7%</b> |
| <b>Total Non-Operating Expenses</b>               | <b>-</b>             | <b>-</b>             | <b>-</b>                        | <b>-</b>                      | <b>-</b>   | <b>0.0%</b>  | <b>-</b>   | <b>0.0%</b>  | <b>-</b>                                 | <b>-</b>  | <b>0.0%</b> |
| <b>Total Expenses</b>                             | <b>16,022,707</b>    | <b>18,280,724</b>    | <b>18,527,521</b>               | <b>19,452,242</b>             | <b>1,171,518</b>                                       | <b>6.4%</b>  | <b>924,721</b>                                   | <b>5.0%</b>  | <b>20,177,650</b>                        | <b>725,408</b>  | <b>3.7%</b> |
| <b>Equipment Outlay</b>                           | <b>6,079</b>         | <b>-</b>             | <b>-</b>                        | <b>-</b>                      | <b>-</b>   | <b>0.0%</b>  | <b>-</b>   | <b>0.0%</b>  | <b>-</b>                                 | <b>-</b>  | <b>0.0%</b> |
| <b>Total Authority Expenses incl Equip Outlay</b> | <b>\$ 16,028,787</b> | <b>\$ 18,280,724</b> | <b>\$ 18,527,521</b>            | <b>\$ 19,452,242</b>          | <b>\$ 1,171,518</b>                                    | <b>6.4%</b>  | <b>\$ 924,721</b>                                | <b>5.0%</b>  | <b>\$ 20,177,650</b>                     | <b>\$ 725,408</b>   | <b>3.7%</b> |

# Administration Division

## Major Drivers

|   | <b>Inc / (Dec)<br/>FY14 vs<br/>FY13 Budget</b> | <b>Inc / Dec<br/>FY14 vs<br/>FY14 Conceptual</b> |
|---|--|--|
| <b>FY 2013 Budget / FY 2014 Conceptual Budget</b>                                 | <b>\$ 18,280,724</b>                           | <b>\$ 18,527,521</b>                             |
| <b>Personnel costs</b>  |  |  |
| Salary adjustments and pay-for-performance  | 213,991  | (43,868)   |
| Burden (benefits & employer taxes) increase / decrease for current staff          | 98,868   | (130,717)  |
| 1 New position - Airport Art Coordinator I, (salaries, benefits & employer taxes) | 74,193   | 74,193   |
| Changes in capitalized labor  | (74,193)                                       | (74,193)   |
| <b>Total Increase / Decrease in personnel costs</b>                               | <b>312,859</b>                                 | <b>(174,585)</b>                                 |
| <br>  |  |  |
| Increase in Common Use Passenger Processing Systems (CUPPS) costs                 | 1,096,900                                      | 1,011,900  |
| Increase in insurance costs   | 381,261  | 16,345   |
| Increase in Network Switches & VoIP due to Green Build                            | 144,895  | 144,895  |
| Decrease in marketing, promotional activities and materials costs                 | (615,980)                                      | -  |
| Decrease in outside consultant costs  | (228,500)                                      | -  |
| Other, net  | 80,083   | (73,834)   |
| <b>Total Increase in non-personnel costs</b>                                      | <b>858,659</b>                                 | <b>1,099,306</b>                                 |
| <br>  |  |  |
| <b>Total Increase</b>   | <b>1,171,518</b>                               | <b>924,721</b>                                   |
| <br>  |  |  |
| <b>FY 2014 Proposed Budget</b>  | <b>\$ 19,452,242</b>                           | <b>\$ 19,452,242</b>                             |



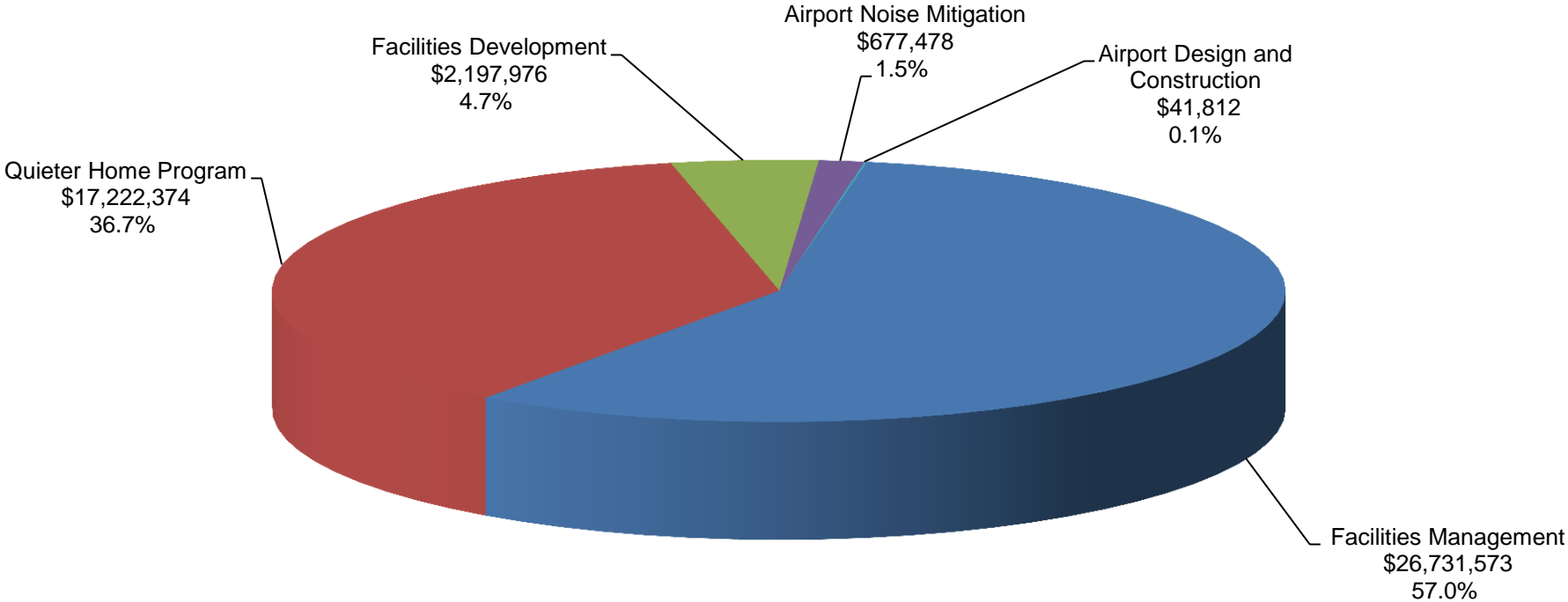
# Administration Division

## Major Drivers

|   | <b>Inc / (Dec)</b><br><b>FY15 Conceptual</b><br><b>vs FY14</b> |
|---|--|
|   | <hr/>  |
| <b>FY 2014 Proposed Budget</b>                                | <b>\$ 19,452,242</b>   |
| <b>Personnel costs</b>  |  |
| Burden (benefits & employer taxes) increase for current staff | 211,738  |
| Salary adjustments and pay-for-performance                    | 116,604  |
| Changes in capitalized labor                                  | (3,114)  |
| <b>Total Increase in personnel costs</b>                      | <hr/> <b>325,229</b>   |
| Increase in insurance costs                                   | 292,505  |
| Increase in marketing costs                                   | 99,000   |
| Increase in promotional materials costs                       | 48,800   |
| Decrease in other professional services                       | (49,470)   |
| Decrease in promotional activities costs                      | (72,500)   |
| Other, net  | 81,844   |
| <b>Total Increase in non-personnel costs</b>                  | <hr/> <b>400,179</b>   |
| <b>Total Increase</b>   | <hr/> <b>725,408</b>   |
| <b>FY 2015 Proposed Conceptual Budget</b>                     | <hr/> <b>\$ 20,177,650</b> <hr/>                               |

# Development Division Overview

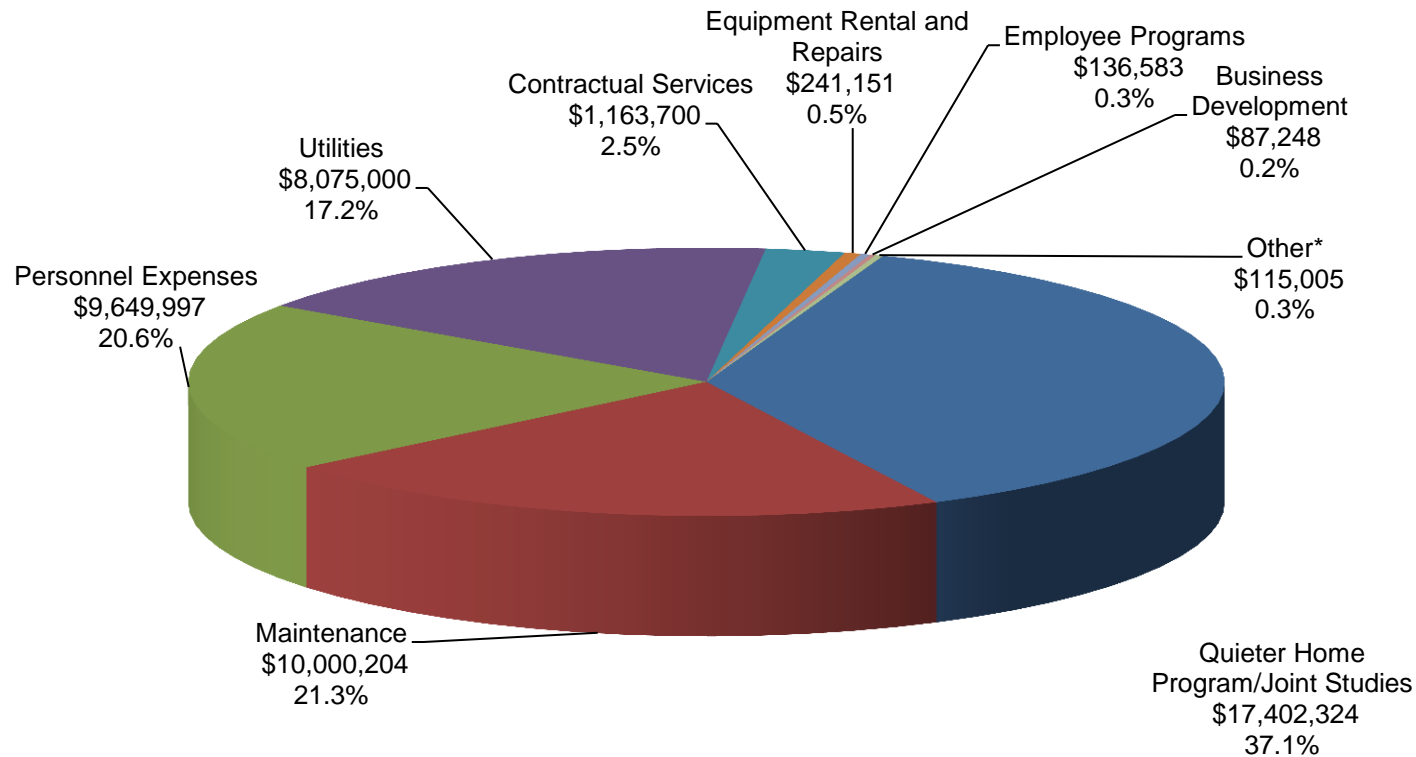
## FY 2014 Expense Summary by Department



Total FY 2014 Proposed Development Division Budget is \$46.9M

# Development Division Overview

## FY 2014 Expense Summary by Major Expense Category

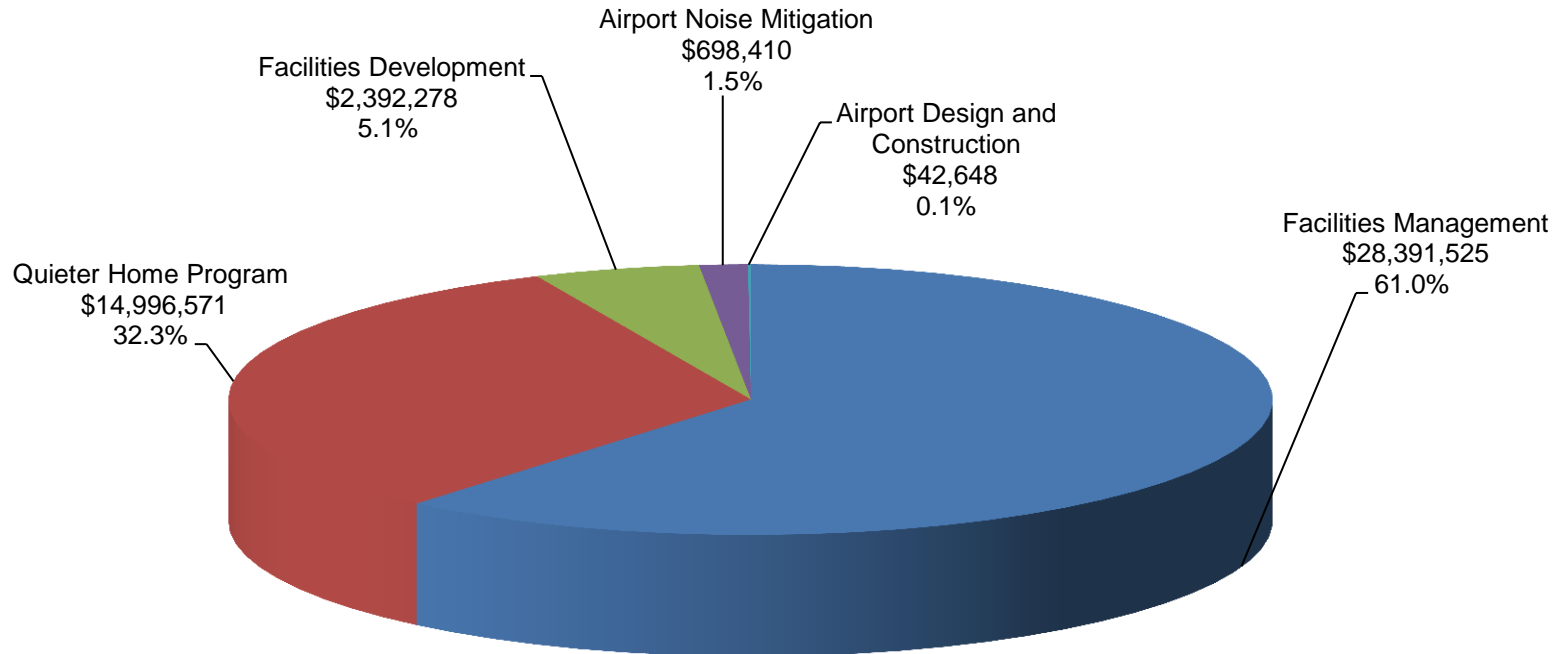


\*Other includes operating equipment & systems, and operating supplies

Total FY 2014 Proposed Development Division Budget is \$46.9M

# Development Division Overview

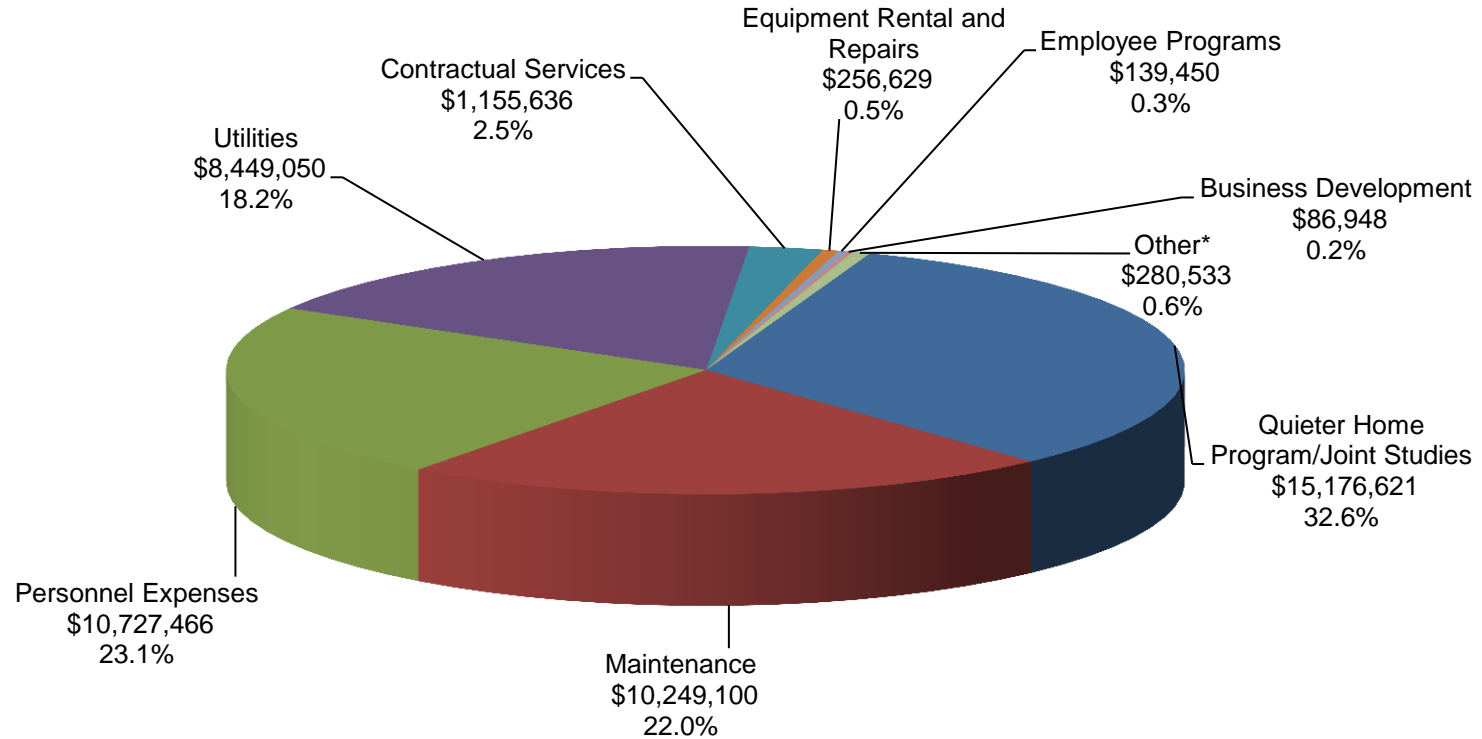
## FY 2015 Expense Summary by Department



Total FY 2015 Proposed Conceptual Development Division Budget is \$46.5M

# Development Division Overview

## FY 2015 Expense Summary by Major Expense Category



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

Total FY 2015 Proposed Conceptual Development Division Budget is \$46.5M

# Development Division Expense Summary by Category

|   | FY 2012<br>Actuals   | FY 2013<br>Budget    | FY 2014<br>Conceptual<br>Budget | FY 2014<br>Proposed<br>Budget | Inc/(Dec)<br>FY14 Proposed<br>Budget vs<br>FY13 Budget | %<br>Change   | Inc/(Dec)<br>FY14 Proposed vs<br>FY14 Conceptual | %<br>Change   | FY 2015 Proposed<br>Conceptual<br>Budget | Inc/(Dec)<br>FY15 Conceptual<br>vs FY14<br>Proposed<br>Budget | %<br>Change    |
|---|----------------------|----------------------|---------------------------------|-------------------------------|--|---------------|--|---------------|--|---|----------------|
| <b>Operating Expenses:</b>                        |                      |                      |                                 |                               |  |               |  |               |  |   |                |
| <b>Personnel Expenses</b>                         |                      |                      |                                 |                               |  |               |  |               |  |   |                |
| Salaries and Wages                                | \$ 8,248,771         | \$ 8,671,275         | \$ 9,415,537                    | \$ 10,040,895                 | \$ 1,369,620   | 15.8%         | \$ 625,358                                       | 6.6%          | \$ 10,948,834                            | \$ 907,939  | 9.0%           |
| Premium Overtime                                  | 504,189              | 460,000              | 460,000                         | 450,000                       | (10,000)   | -2.2%         | (10,000)   | -2.2%         | 500,000                                  | 50,000  | 11.1%          |
| Employee Benefits                                 | 4,029,914            | 4,777,258            | 5,308,839                       | 5,435,014                     | 657,755  | 13.8%         | 126,174  | 2.4%          | 6,007,872                                | 572,859   | 10.5%          |
| Subtotal  | 12,782,875           | 13,908,534           | 15,184,376                      | 15,925,909                    | 2,017,375  | 14.5%         | 741,532  | 4.9%          | 17,456,706                               | 1,530,798   | 9.6%           |
| Less: Capitalized Labor                           | (4,310,701)          | (4,465,578)          | (4,605,767)                     | (5,572,107)                   | (1,106,530)  | 24.8%         | (966,340)  | 21.0%         | (5,996,297)                              | (424,190)   | 7.6%           |
| Less: QHP - Labor/Burden/Labor Overhead           | (793,309)            | (708,766)            | (748,501)                       | (703,804)                     | 4,962  | -0.7%         | 44,697   | -6.0%         | (732,944)                                | (29,140)  | 4.1%           |
| <b>Total Personnel Expenses</b>                   | <b>7,678,865</b>     | <b>8,734,190</b>     | <b>9,830,109</b>                | <b>9,649,997</b>              | <b>915,807</b>   | <b>10.5%</b>  | <b>(180,112)</b>                                 | <b>-1.8%</b>  | <b>10,727,466</b>                        | <b>1,077,468</b>  | <b>11.2%</b>   |
| <b>Non-Personnel Expenses</b>                     |                      |                      |                                 |                               |  |               |  |               |  |   |                |
| Contractual Services                              | 547,534              | 836,183              | 1,052,709                       | 1,163,700                     | 327,516  | 39.2%         | 110,991  | 10.5%         | 1,155,636                                | (8,063)   | -0.7%          |
| Safety and Security                               | -                    | -                    | -                               | -                             | -  | 0.0%          | -  | 0.0%          | -  | -   | 0.0%           |
| Space Rental                                      | -                    | -                    | -                               | -                             | -  | 0.0%          | -  | 0.0%          | -  | -   | 0.0%           |
| Utilities   | 6,306,091            | 7,350,000            | 8,145,000                       | 8,075,000                     | 725,000  | 9.9%          | (70,000)   | -0.9%         | 8,449,050                                | 374,050   | 4.6%           |
| Maintenance                                       | 7,171,253            | 7,030,600            | 7,430,600                       | 10,000,204                    | 2,969,604  | 42.2%         | 2,569,604  | 34.6%         | 10,249,100                               | 248,896   | 2.5%           |
| Operating Equipment & Systems                     | 21,970               | 26,048               | 25,119                          | 20,729                        | (5,319)  | -20.4%        | (4,390)  | -17.5%        | 20,268                                   | (461)   | -2.2%          |
| Operating Supplies                                | 77,869               | 78,037               | 75,216                          | 84,277                        | 6,240  | 8.0%          | 9,061  | 12.0%         | 90,265                                   | 5,988   | 7.1%           |
| Insurance   | 47                   | -                    | -                               | -                             | -  | 0.0%          | -  | 0.0%          | -  | -   | 0.0%           |
| Employee Programs                                 | 76,986               | 127,359              | 133,485                         | 136,583                       | 9,224  | 7.2%          | 3,098  | 2.3%          | 139,450                                  | 2,867   | 2.1%           |
| Business Development                              | 57,940               | 96,316               | 92,941                          | 87,248                        | (9,068)  | -9.4%         | (5,693)  | -6.1%         | 86,948                                   | (300)   | -0.3%          |
| Equipment Rentals & Repairs                       | 253,892              | 241,027              | 246,948                         | 241,151                       | 125  | 0.1%          | (5,797)  | -2.3%         | 256,629                                  | 15,477  | 6.4%           |
| <b>Total Non-Personnel Expenses</b>               | <b>14,513,582</b>    | <b>15,785,570</b>    | <b>17,202,017</b>               | <b>19,808,891</b>             | <b>4,023,322</b>                                       | <b>25.5%</b>  | <b>2,606,875</b>                                 | <b>15.2%</b>  | <b>20,447,345</b>                        | <b>638,454</b>  | <b>3.2%</b>    |
| <b>Total Operating Expenses</b>                   | <b>22,192,447</b>    | <b>24,519,760</b>    | <b>27,032,126</b>               | <b>29,458,889</b>             | <b>4,939,129</b>                                       | <b>20.1%</b>  | <b>2,426,763</b>                                 | <b>9.0%</b>   | <b>31,174,811</b>                        | <b>1,715,922</b>  | <b>5.8%</b>    |
| <b>Non-Operating Expenses:</b>                    |                      |                      |                                 |                               |  |               |  |               |  |   |                |
| Joint Studies/Sound Attenuation                   | 14,617,463           | 15,181,596           | 15,182,096                      | 17,402,324                    | 2,220,728  | 14.6%         | 2,220,228  | 14.6%         | 15,176,621                               | (2,225,703)   | -12.8%         |
| <b>Total Non-Operating Expenses</b>               | <b>14,617,463</b>    | <b>15,181,596</b>    | <b>15,182,096</b>               | <b>17,402,324</b>             | <b>2,220,728</b>                                       | <b>14.6%</b>  | <b>2,220,228</b>                                 | <b>14.6%</b>  | <b>15,176,621</b>                        | <b>(2,225,703)</b>  | <b>-12.8%</b>  |
| <b>Total Expenses</b>                             | <b>36,809,910</b>    | <b>39,701,356</b>    | <b>42,214,222</b>               | <b>46,861,213</b>             | <b>7,159,856</b>                                       | <b>18.0%</b>  | <b>4,646,991</b>                                 | <b>11.0%</b>  | <b>46,351,432</b>                        | <b>(509,781)</b>  | <b>-1.1%</b>   |
| <b>Equipment Outlay</b>                           | <b>143,290</b>       | <b>220,000</b>       | <b>110,000</b>                  | <b>10,000</b>                 | <b>(210,000)</b>                                       | <b>-95.5%</b> | <b>(100,000)</b>                                 | <b>-90.9%</b> | <b>170,000</b>                           | <b>160,000</b>  | <b>1600.0%</b> |
| <b>Total Authority Expenses incl Equip Outlay</b> | <b>\$ 36,953,200</b> | <b>\$ 39,921,356</b> | <b>\$ 42,324,222</b>            | <b>\$ 46,871,213</b>          | <b>\$ 6,949,856</b>                                    | <b>17.4%</b>  | <b>\$ 4,546,991</b>                              | <b>10.7%</b>  | <b>\$ 46,521,432</b>                     | <b>\$ (349,781)</b>   | <b>-0.7%</b>   |

|   | <b>Inc/(Dec)<br/>FY14 vs<br/>FY13 Budget</b> | <b>Inc/(Dec)<br/>FY14 vs<br/>FY14 Conceptual</b> |
|---|--|--|
| <b>FY 2013 Budget / FY 2014 Conceptual</b>                              | <b>\$ 39,921,356</b>                         | <b>\$ 42,324,222</b>                             |
| <b>Personnel costs</b>  |  |  |
| 13 New positions (salaries, benefits & employer taxes)                  | 912,396                                      | 643,579  |
| Salary adjustments,contracted wage increases and pay-for-performance    | 495,825                                      | (64,015)   |
| Burden (benefits & employer taxes) increase/ decrease for current staff | 346,862                                      | (100,324)  |
| 4 Unfrozen positions (salaries, benefits & employer taxes)              | 262,292                                      | 262,292  |
| Changes in capitalized labor costs                                      | (1,101,568)                                  | (921,644)  |
| <b>Total Increase/ Decrease in personnel costs</b>                      | <b>915,807</b>                               | <b>(180,112)</b>                                 |
| <br>  |  |  |
| Increase in Quieter Home Program project costs                          | 2,220,728                                    | 2,220,228  |
| Baggage Handling System (BHS)   | 1,349,104                                    | 1,349,104  |
| Increase in special maintenance costs                                   | 825,000                                      | 825,000  |
| Increase / Decrease in utilities  | 725,000                                      | (70,000)   |
| Increase in other annual repair and service contracts                   | 607,000                                      | 120,000  |
| Increase in tenant improvement oversight costs                          | 200,000                                      | -  |
| Increase in major maintenance costs                                     | 100,000                                      | 150,000  |
| Electrical switch gear maintenance costs                                | 100,000                                      | 110,000  |
| Decrease in equipment outlay  | (210,000)                                    | (100,000)  |
| Other, net  | 117,218                                      | 122,771  |
| <b>Total Increase in non-personnel costs</b>                            | <b>6,034,049</b>                             | <b>4,727,103</b>                                 |
| <br>  |  |  |
| <b>Total Increase</b>   | <b>6,949,856</b>                             | <b>4,546,991</b>                                 |
| <br>  |  |  |
| <b>FY 2014 Proposed Budget</b>  | <b>\$ 46,871,213</b>                         | <b>\$ 46,871,213</b>                             |

# Development Division

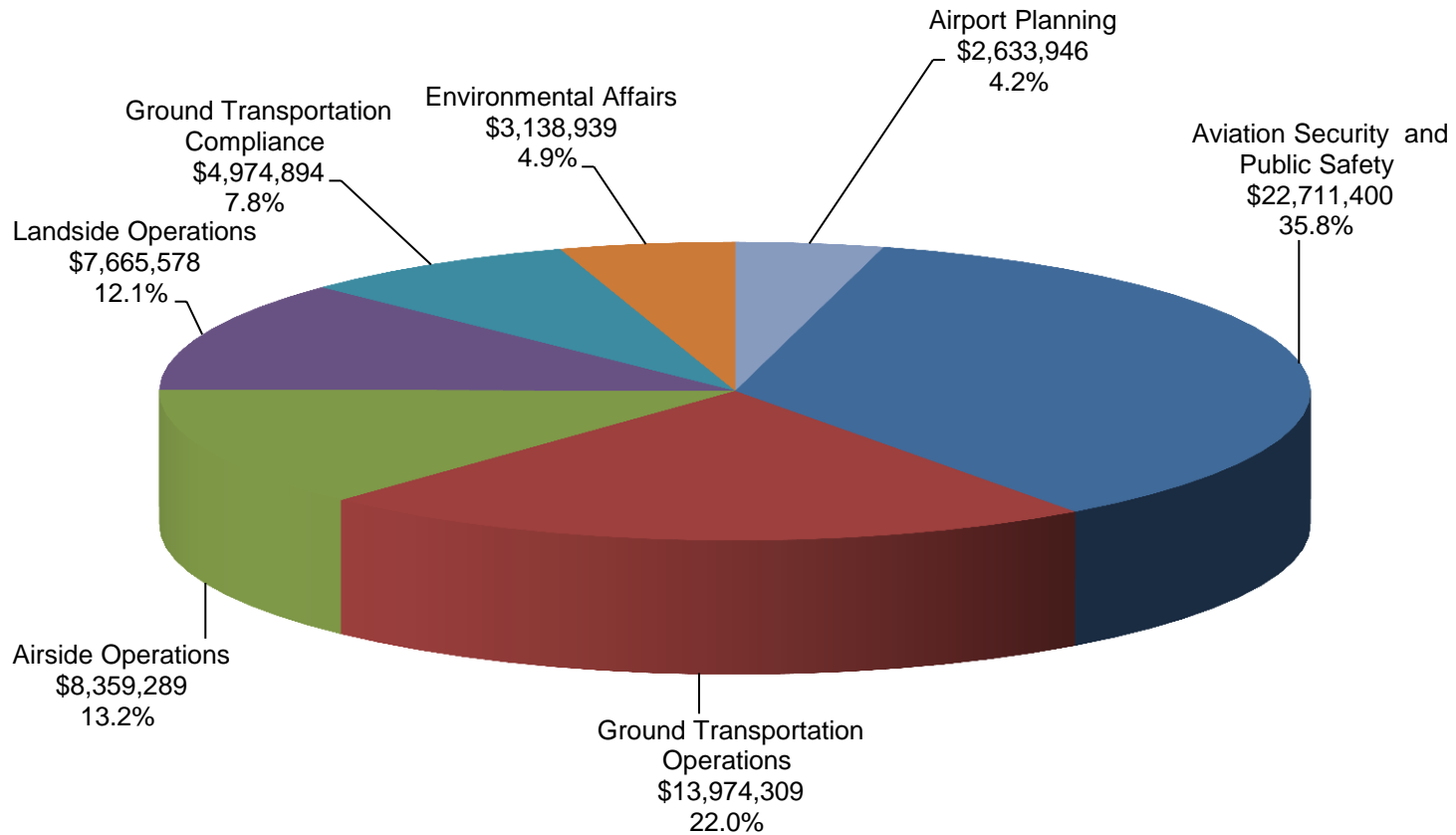
## Major Drivers

|   | <b>Inc/(Dec)<br/>FY15 Conceptual<br/>vs FY14</b> |
|---|--|
|   | <hr/>  |
| <b>FY 2014 Proposed Budget</b>  | <b>\$ 46,871,213</b>                             |
| <b>Personnel costs</b>  |  |
| Salary adjustments and pay-for-performance  | 860,189  |
| Burden (benefits & employer taxes) increase for current staff                     | 538,618  |
| 1 New position of Quality Assurance Manager (salaries, benefits & employer taxes) | 131,990  |
| Changes in capitalized labor costs  | <u>(453,329)</u>                                 |
| <b>Total Increase in personnel costs</b>  | <b>1,077,468</b>                                 |
| <br>  |  |
| Increase in other annual repair and service contracts                             | 1,647,000  |
| Increase in utilities   | 374,050  |
| Increase in equipment outlay  | 160,000  |
| Decrease in Baggage Handling System (BHS) costs                                   | (1,349,104)                                      |
| Decrease in Quieter Home Program project costs                                    | (2,225,703)                                      |
| Other, net  | <u>(33,492)</u>                                  |
| <b>Total Decrease in non-personnel costs</b>                                      | <b>(1,427,249)</b>                               |
| <br>  |  |
| <b>Total Decrease</b>   | <hr/> <b>(349,781)</b>                           |
| <br>  |  |
| <b>FY 2015 Proposed Conceptual Budget</b>   | <hr/> <b>\$ 46,521,432</b> <hr/>                 |



# Planning & Operations Division Overview

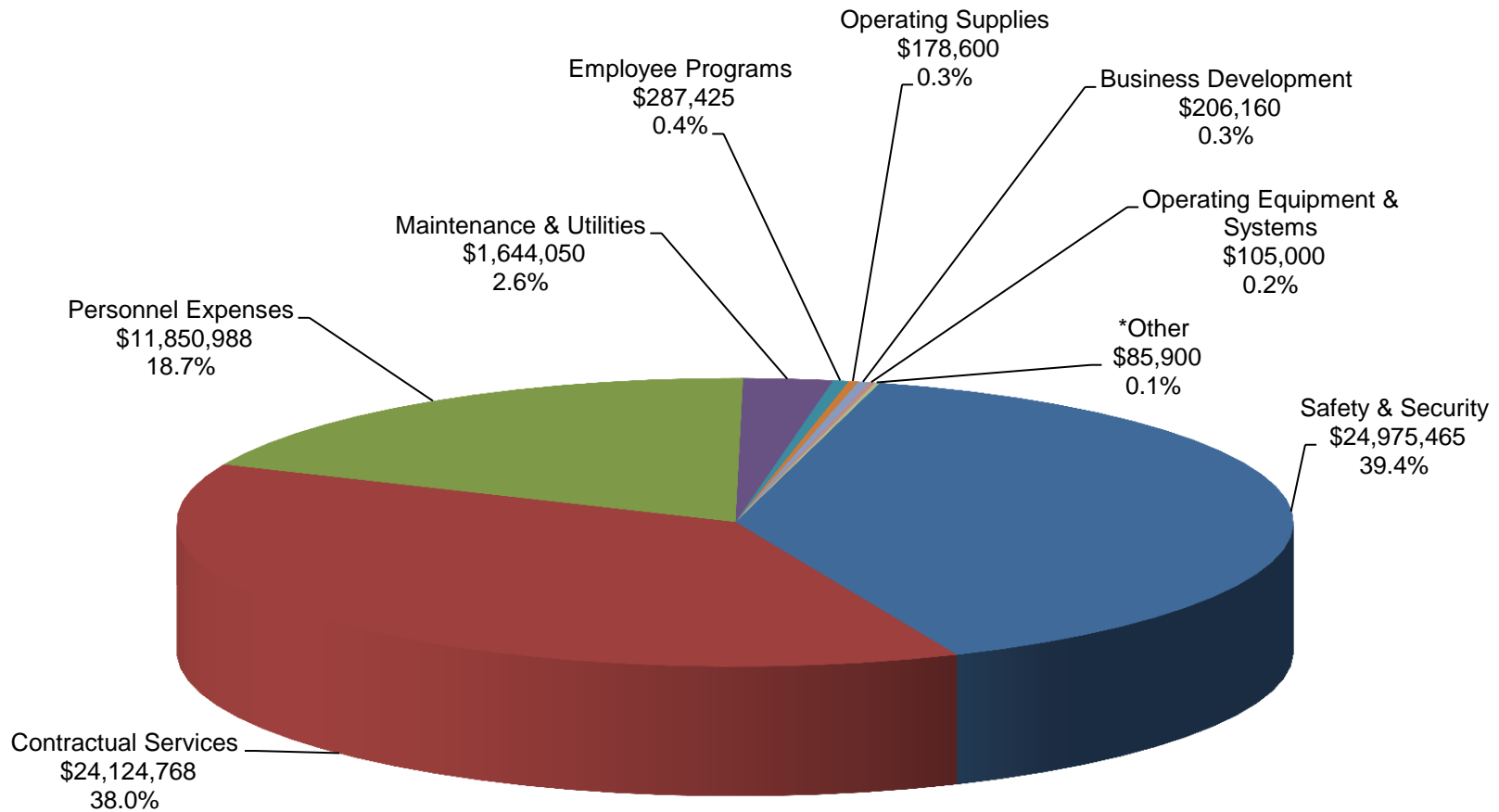
## FY 2014 Expense Summary by Department



Total FY 2014 Proposed Planning and Operations Division Budget is \$63.5M

# Planning & Operations Division Overview

## FY 2014 Expense Summary by Major Expense Category

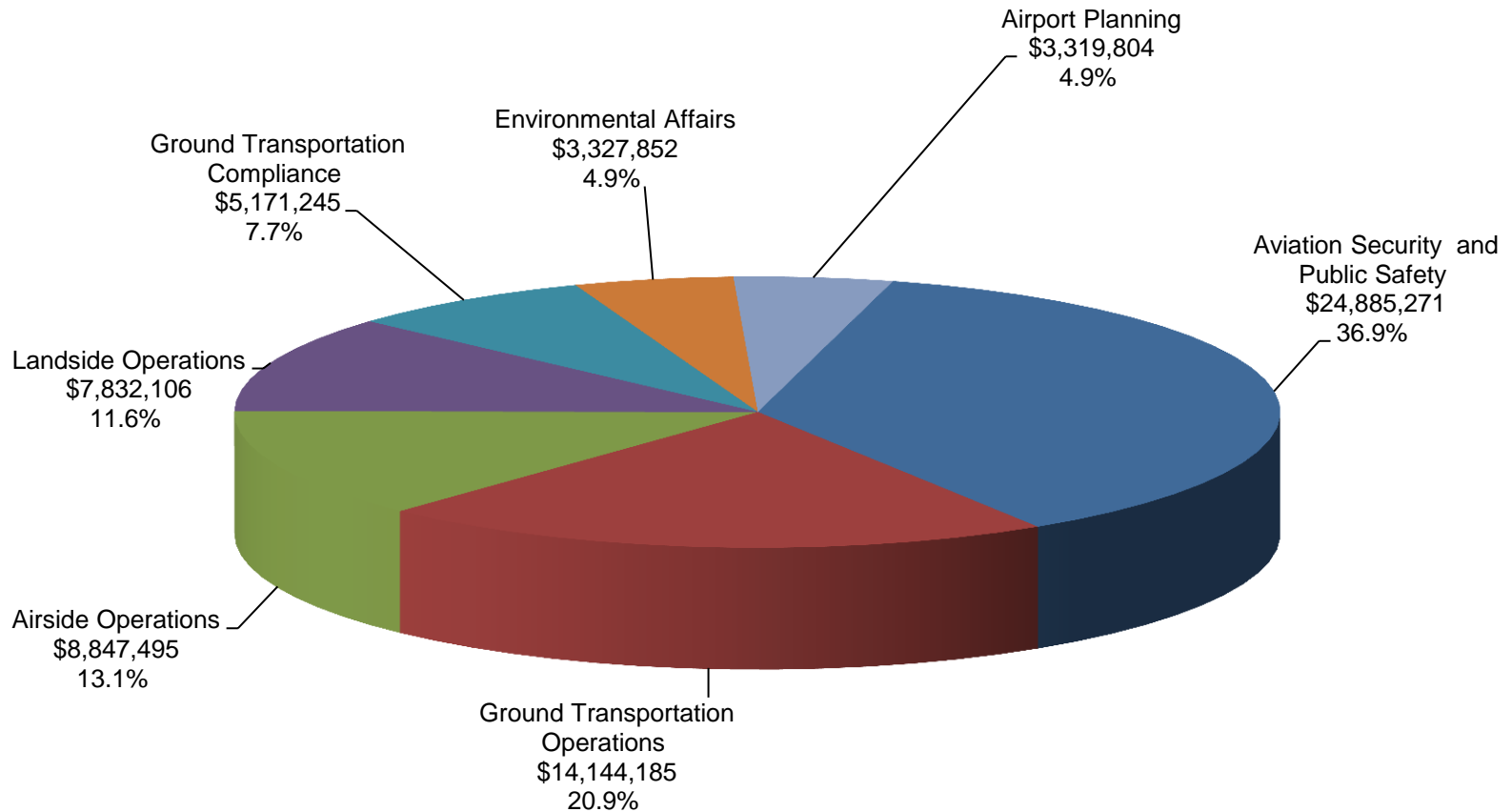


\*Other includes equipment rentals & repairs and equipment outlays

Total FY 2014 Proposed Planning and Operations Division Budget is \$63.5M

# Planning & Operations Division Overview

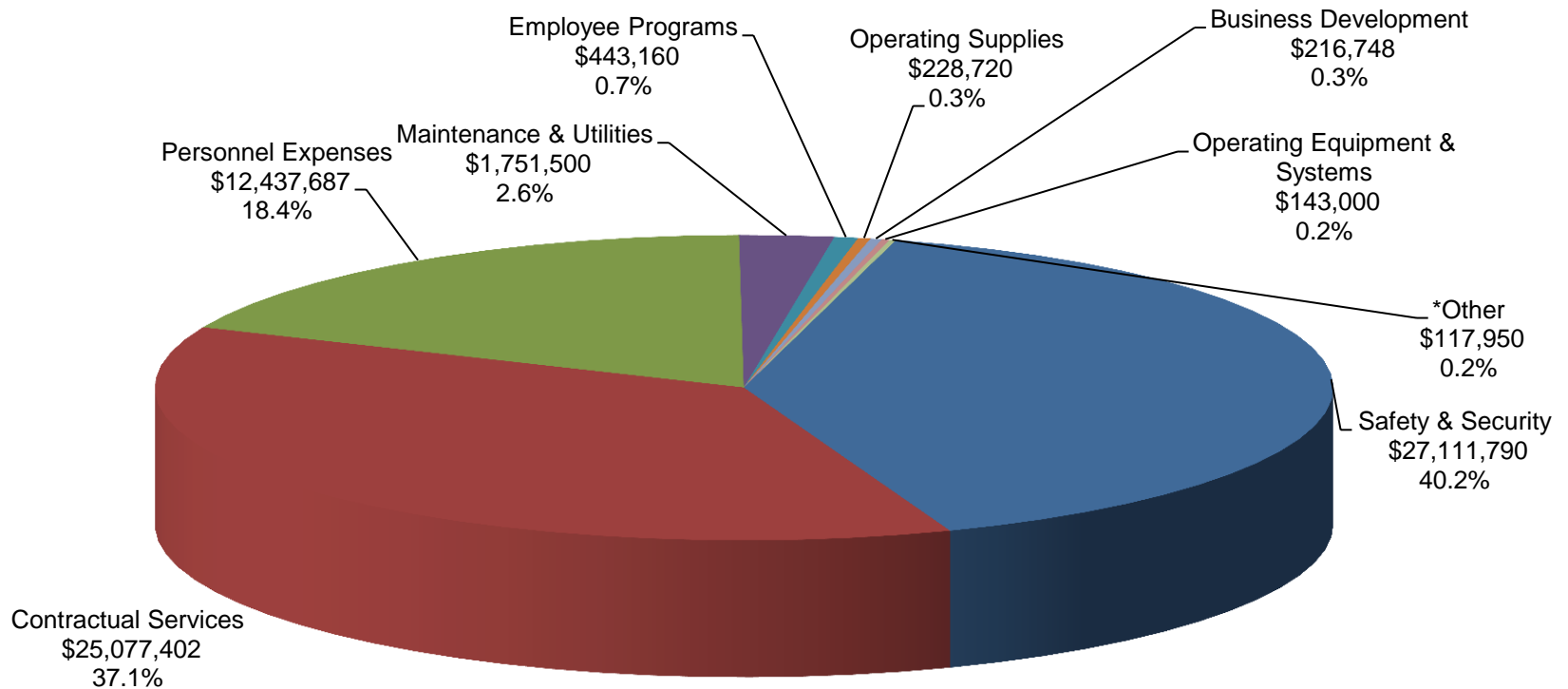
## FY 2015 Expense Summary by Department



Total FY 2015 Proposed Conceptual Planning and Operations Division Budget is \$67.5M

# Planning & Operations Division Overview

## FY 2015 Expense Summary by Major Expense Category



\*Other includes equipment rentals & repairs and equipment outlays

Total FY 2015 Proposed Conceptual Planning and Operations Division Budget is \$67.5M

# Planning & Operations Division

## Expense Summary by Category

|   | FY 2012<br>Actuals   | FY 2013<br>Budget    | FY 2014<br>Conceptual<br>Budget | FY 2014<br>Proposed<br>Budget | Inc/(Dec)<br>FY14 Proposed<br>Budget vs<br>FY13 Budget | %<br>Change    | Inc/(Dec)<br>FY14 Proposed vs<br>FY14 Conceptual | %<br>Change | FY 2015 Proposed<br>Conceptual<br>Budget | Inc/(Dec)<br>FY15 Conceptual<br>vs FY14<br>Proposed<br>Budget | %<br>Change |
|---|----------------------|----------------------|---------------------------------|-------------------------------|--|----------------|--|-------------|--|---|-------------|
| <b>Operating Expenses:</b>                        |                      |                      |                                 |                               |  |                |  |             |  |   |             |
| <b>Personnel Expenses</b>                         |                      |                      |                                 |                               |  |                |  |             |  |   |             |
| Salaries and Wages                                | \$ 6,692,222         | \$ 6,808,575         | \$ 7,206,395                    | \$ 7,399,653                  | \$ 591,078   | 8.7%           | \$ 193,258                                       | 2.7%        | \$ 7,701,448                             | \$ 301,795  | 4.1%        |
| Premium Overtime                                  | 256,610              | 205,000              | 155,000                         | 215,000                       | 10,000   | 4.9%           | 60,000   | 38.7%       | 215,300                                  | 300   | 0.1%        |
| Employee Benefits                                 | 3,359,699            | 3,817,397            | 4,171,333                       | 4,236,336                     | 418,939  | 11.0%          | 65,002   | 1.6%        | 4,520,940                                | 284,604   | 6.7%        |
| Subtotal  | 10,308,532           | 10,830,971           | 11,532,728                      | 11,850,988                    | 1,020,017  | 9.4%           | 318,260  | 2.8%        | 12,437,687                               | 586,699   | 5.0%        |
| <i>Less: Capitalized Labor</i>                    | <i>(339,797)</i>     | <i>(374,318)</i>     | -                               | -                             | <i>374,318</i>   | <i>-100.0%</i> | -  | <i>0.0%</i> | -  | -   | <i>0.0%</i> |
| <i>Less: QHP - Labor/Burden/Labor Overhead</i>    | -                    | -                    | -                               | -                             | -  | <i>0.0%</i>    | -  | <i>0.0%</i> | -  | -   | <i>0.0%</i> |
| <b>Total Personnel Expenses</b>                   | <b>9,968,735</b>     | <b>10,456,653</b>    | <b>11,532,728</b>               | <b>11,850,988</b>             | <b>1,394,335</b>                                       | <b>13.3%</b>   | <b>318,260</b>                                   | <b>2.8%</b> | <b>12,437,687</b>                        | <b>586,699</b>  | <b>5.0%</b> |
| <b>Non-Personnel Expenses</b>                     |                      |                      |                                 |                               |  |                |  |             |  |   |             |
| Contractual Services                              | 20,002,637           | 21,596,179           | 23,016,542                      | 24,124,768                    | 2,528,588  | 11.7%          | 1,108,226  | 4.8%        | 25,077,402                               | 952,634   | 3.9%        |
| Safety and Security                               | 22,625,169           | 22,408,160           | 23,445,356                      | 24,975,465                    | 2,567,305  | 11.5%          | 1,530,109  | 6.5%        | 27,111,790                               | 2,136,326   | 8.6%        |
| Space Rental                                      | -                    | -                    | -                               | -                             | -  | 0.0%           | -  | 0.0%        | -  | -   | 0.0%        |
| Utilities   | 3,067                | 1,500                | 1,500                           | 1,500                         | -  | 0.0%           | -  | 0.0%        | 1,500                                    | -   | 0.0%        |
| Maintenance                                       | 1,307,173            | 1,185,550            | 1,552,550                       | 1,642,550                     | 457,000  | 38.5%          | 90,000   | 5.8%        | 1,750,000                                | 107,450   | 6.5%        |
| Operating Equipment & Systems                     | 66,824               | 141,400              | 103,800                         | 105,000                       | (36,400)   | -25.7%         | 1,200  | 1.2%        | 143,000                                  | 38,000  | 36.2%       |
| Operating Supplies                                | 156,237              | 175,200              | 162,500                         | 178,600                       | 3,400  | 1.9%           | 16,100   | 9.9%        | 228,720                                  | 50,120  | 28.1%       |
| Insurance   | -                    | -                    | -                               | -                             | -  | 0.0%           | -  | 0.0%        | -  | -   | 0.0%        |
| Employee Programs                                 | 210,861              | 267,575              | 250,575                         | 287,425                       | 19,850   | 7.4%           | 36,850   | 14.7%       | 443,160                                  | 155,735   | 54.2%       |
| Business Development                              | 100,656              | 183,595              | 179,945                         | 206,160                       | 22,565   | 12.3%          | 26,215   | 14.6%       | 216,748                                  | 10,588  | 5.1%        |
| Equipment Rentals & Repairs                       | 38,479               | 42,500               | 134,600                         | 85,900                        | 43,400   | 102.1%         | (48,700)   | -36.2%      | 117,950                                  | 32,050  | 37.3%       |
| <b>Total Non-Personnel Expenses</b>               | <b>44,511,103</b>    | <b>46,001,659</b>    | <b>48,847,368</b>               | <b>51,607,368</b>             | <b>5,605,708</b>                                       | <b>12.2%</b>   | <b>2,760,000</b>                                 | <b>5.7%</b> | <b>55,090,271</b>                        | <b>3,482,903</b>  | <b>6.7%</b> |
| <b>Total Operating Expenses</b>                   | <b>54,479,838</b>    | <b>56,458,313</b>    | <b>60,380,096</b>               | <b>63,458,356</b>             | <b>7,000,043</b>                                       | <b>12.4%</b>   | <b>3,078,260</b>                                 | <b>5.1%</b> | <b>67,527,958</b>                        | <b>4,069,602</b>  | <b>6.4%</b> |
| <b>Total Non-Operating Expenses</b>               | <b>-</b>             | <b>-</b>             | <b>-</b>                        | <b>-</b>                      | <b>-</b>   | <b>0.0%</b>    | <b>-</b>   | <b>0.0%</b> | <b>-</b>                                 | <b>-</b>  | <b>0.0%</b> |
| <b>Total Expenses</b>                             | <b>54,479,838</b>    | <b>56,458,313</b>    | <b>60,380,096</b>               | <b>63,458,356</b>             | <b>7,000,043</b>                                       | <b>12.4%</b>   | <b>3,078,260</b>                                 | <b>5.1%</b> | <b>67,527,958</b>                        | <b>4,069,602</b>  | <b>6.4%</b> |
| <b>Equipment Outlay</b>                           | <b>505,421</b>       | <b>1,162,000</b>     | <b>-</b>                        | <b>-</b>                      | <b>(1,162,000)</b>                                     | <b>-100.0%</b> | <b>-</b>   | <b>0.0%</b> | <b>-</b>                                 | <b>-</b>  | <b>0.0%</b> |
| <b>Total Authority Expenses incl Equip Outlay</b> | <b>\$ 54,985,259</b> | <b>\$ 57,620,313</b> | <b>\$ 60,380,096</b>            | <b>\$ 63,458,356</b>          | <b>\$ 5,838,043</b>                                    | <b>10.1%</b>   | <b>\$ 3,078,260</b>                              | <b>5.1%</b> | <b>\$ 67,527,958</b>                     | <b>\$ 4,069,602</b>   | <b>6.4%</b> |

|   | Inc/(Dec)<br>FY14 vs<br>FY13 Budget | Inc/(Dec)<br>FY14 vs<br>FY14 Conceptual |
|---|-------------------------------------|---|
| <b>FY 2013 Budget / FY 2014 Conceptual</b>  | <b>\$ 57,620,313</b>                | <b>\$ 60,380,096</b>                    |
| <b>Personnel costs</b>  |                                     |   |
| Change in capitalized labor   | 374,318                             | -                                       |
| Salary adjustments,contracted wage increases and pay-for-performance                                      | 276,425                             | 67,015                                  |
| 4 New Airport Traffic Officer (ATO) positions (salaries, benefits & employer taxes)                       | 263,956                             | -                                       |
| Burden (benefits & employer taxes) increase for current staff   | 257,795                             | 29,405                                  |
| 1 New position of Ground Transportation Manager (salaries, benefits & employer taxes)                     | 117,927                             | 117,927                                 |
| Unfrozen position of Senior Environmental Specialist (salaries, benefits & employer taxes)                | 103,913                             | 103,913                                 |
| <b>Total Increase in personnel costs</b>  | <b>1,394,335</b>                    | <b>318,260</b>                          |
| Increase in law enforcement costs - Harbor Police Department  | 1,992,133                           | 1,604,733                               |
| Increase in shuttle operations  | 1,187,825                           | 830,000                                 |
| Increase in Airport custodial contract (Green Build, Concession Development Program and general activity) | 1,122,279                           | 245,909                                 |
| Increase in Ramp Control Facility professional services   | 534,400                             | 111,037                                 |
| Increase in security guard services   | 472,100                             | -                                       |
| Increase in access control system maintenance   | 417,000                             | -                                       |
| Increase in Stormwater Management Program costs   | 200,000                             | 132,000                                 |
| Increase in Water Quality/San Diego Bay Sediment Quality Objectives costs                                 | 199,500                             | 627,000                                 |
| Increase in ARFF contract costs   | 155,197                             | -                                       |
| Increase/ Decrease in parking operations  | 81,534                              | (175,000)                               |
| Increase in other outside professional services   | 8,300                               | 140,000                                 |
| Decrease in USDA Wildlife Assessment  | (100,000)                           | -                                       |
| Decrease in Airport Land Use Compatibility Plans (ALUCPs) costs   | (800,000)                           | (900,000)                               |
| Decrease in equipment outlay  | (1,162,000)                         | -                                       |
| Other, net  | 135,441                             | 144,321                                 |
| <b>Total Increase in non-personnel costs</b>  | <b>4,443,708</b>                    | <b>2,760,000</b>                        |
| <b>Total Increase</b>   | <b>5,838,043</b>                    | <b>3,078,260</b>                        |
| <b>FY 2014 Proposed Budget</b>  | <b>\$ 63,458,356</b>                | <b>\$ 63,458,356</b>                    |

# Planning & Operations Division

## Major Drivers

|   | <b>Inc/(Dec)<br/>FY15 Conceptual<br/>vs FY14</b> |
|---|--|
| <b>FY 2014 Proposed Budget</b>  | <b>\$ 63,458,356</b>                             |
| <b>Personnel costs</b>  |  |
| Salary adjustments,contracted wage increases and pay-for-performance                                      | 259,101  |
| Burden (benefits & employer taxes) increase for current staff   | 258,945  |
| Unfrozen position of Aiport Operations Assistant (salaries, benefits & employer taxes)                    | 68,652   |
| <b>Total Increase in personnel costs</b>  | <b>586,699</b>                                   |
| Increase in law enforcement costs - Harbor Police Department  | 1,823,329  |
| Increase in Airport Land Use Compatibility Plans (ALUCPs) costs   | 650,000  |
| Increase in shuttle operations  | 212,127  |
| Increase in ARFF contract costs   | 159,854  |
| Rental Car Center training  | 155,000  |
| Increase in security guard services   | 125,000  |
| Increase in Airport custodial contract (Green Build, Concession Development Program and general activity) | 122,844  |
| Increase in USDA Wildlife Assessment  | 100,000  |
| Increase in Water Quality/San Diego Bay Sediment Quality Objectives                                       | 100,000  |
| Increase in Stormwater Management Program costs   | 100,000  |
| Decrease in Alternative Fuel Vehicle incentive costs  | (145,000)  |
| Other, net  | 79,749   |
| <b>Total Increase in non-personnel costs</b>  | <b>3,482,903</b>                                 |
| <b>Total Increase</b>   | <b>4,069,602</b>                                 |
| <b>FY 2015 Proposed Conceptual Budget</b>   | <b>\$ 67,527,958</b>                             |



SAN DIEGO  
INTERNATIONAL  
AIRPORT

# Fiscal Year 2014–2018 Capital Program Budget



- 5-Year Program
- Approved by the Board Annually
- Managed by Capital Improvement Committee (CIC)
  - CEO & Vice Presidents
- FY 2013–2017 CIP authorized \$596.1M for 41 projects

# Current/Proposed CIP Program – Project Location

CIP Program Budget:

\$596.1M

\$649.0M\*

| Project Location | FY2013–2017 | FY2014–2018 |
|------------------|-------------|-------------|
| Airside          | 13          | 17          |
| Terminal         | 9           | 16          |
| Landside         | 16          | 20*         |
| Administrative   | 3           | 4           |
| Totals           | 41          | 57          |

\*\$30.6M not included for the Rental Car Center Buses/Bus Parking & Fueling Facility

(In thousands)

|   |    |                         |
|---|----|-------------------------|
| FY 2013 Capital Improvement Program           | \$ | 596,084                 |
| FY 2013 Project Closeouts                     |    | (2,834)                 |
| FY 2013 Project Cancellations                 |    | (180)                   |
| FY 2013 Project Adjustments                   |    | (1,314)                 |
| FY 2013 Capital Improvement Program Balance   | \$ | <u>591,756</u>          |
| Proposed New Projects                         |    | 57,273                  |
| Proposed RCC Projects                         |    | 30,600                  |
| The Green Build                               |    | <u>820,000</u>          |
| Proposed FY 2014 Capital Program <sup>1</sup> | \$ | <u><u>1,499,629</u></u> |

<sup>1</sup>Does not include financing costs of \$117M

# Proposed FY2014–2018 Capital Projects

(In thousands)

|     | <u>Description</u>                                     | <u>Estimated Cost</u> |
|-----|--|-----------------------|
| 1)  | Upgrade Ground Transportation Systems                  | \$ 2,400              |
| 2)  | Cargo Taxiways   | 9,545                 |
| 3)  | Construct Apron Blast Fence at Commuter Terminal       | 990                   |
| 4)  | Construct FAA Waterline                                | 470                   |
| 5)  | Construct Rental Car Center Restaurant Warm Shell      | 4,955                 |
| 6)  | Cargo Development Oversight                            | 1,550                 |
| 7)  | Sky Club Conversion                                    | 1,495                 |
| 8)  | Terminal Flight Information Display System Update      | 3,022                 |
| 9)  | Replace Passenger Loading Bridges in Terminal 1        | 3,120                 |
| 10) | T1 Baggage Claim Area Enhancements/T2E Ceiling Upgrade | 4,056                 |
| 11) | Wayfinding Signage/Directories (Terminal/Road/Parking) | 4,940                 |

# Proposed FY2014–2018 Capital Projects

(In thousands)

|     | <u>Description</u>  | <u>Estimated Cost</u>  |
|-----|---|------------------------|
| 12) | Acquire Zero Emission Vehicle Buses                         | \$ 2,500               |
| 13) | T2E CUPPS Expansion   | 4,000                  |
| 14) | North Side Additional Landscaping                           | 2,500                  |
| 15) | Reconstruct Aprons at Cargo Terminal<br>and Terminal 1      | 1,169                  |
| 16) | Pre-conditioned Air Installation at<br>T1W & T2E (VALE)     | 4,800                  |
| 17) | Capital Project Allowance                                   | 5,000                  |
| 18) | Public Art Allowance Increase for New<br>Projects           | 760                    |
|     | <b>Total FY14–18 Proposed CIP<br/>Projects</b>              | <hr/> <b>\$ 57,273</b> |
| 1)  | Acquire Rental Car Center Buses                             | 16,100                 |
| 2)  | Construct Bus Parking/Fueling Facility                      | 14,500                 |
|     | <b>Total FY14–16 Proposed RCC<br/>Supplemental Projects</b> | <hr/> <b>\$ 30,600</b> |

# Update Ground Transportation Permit Systems



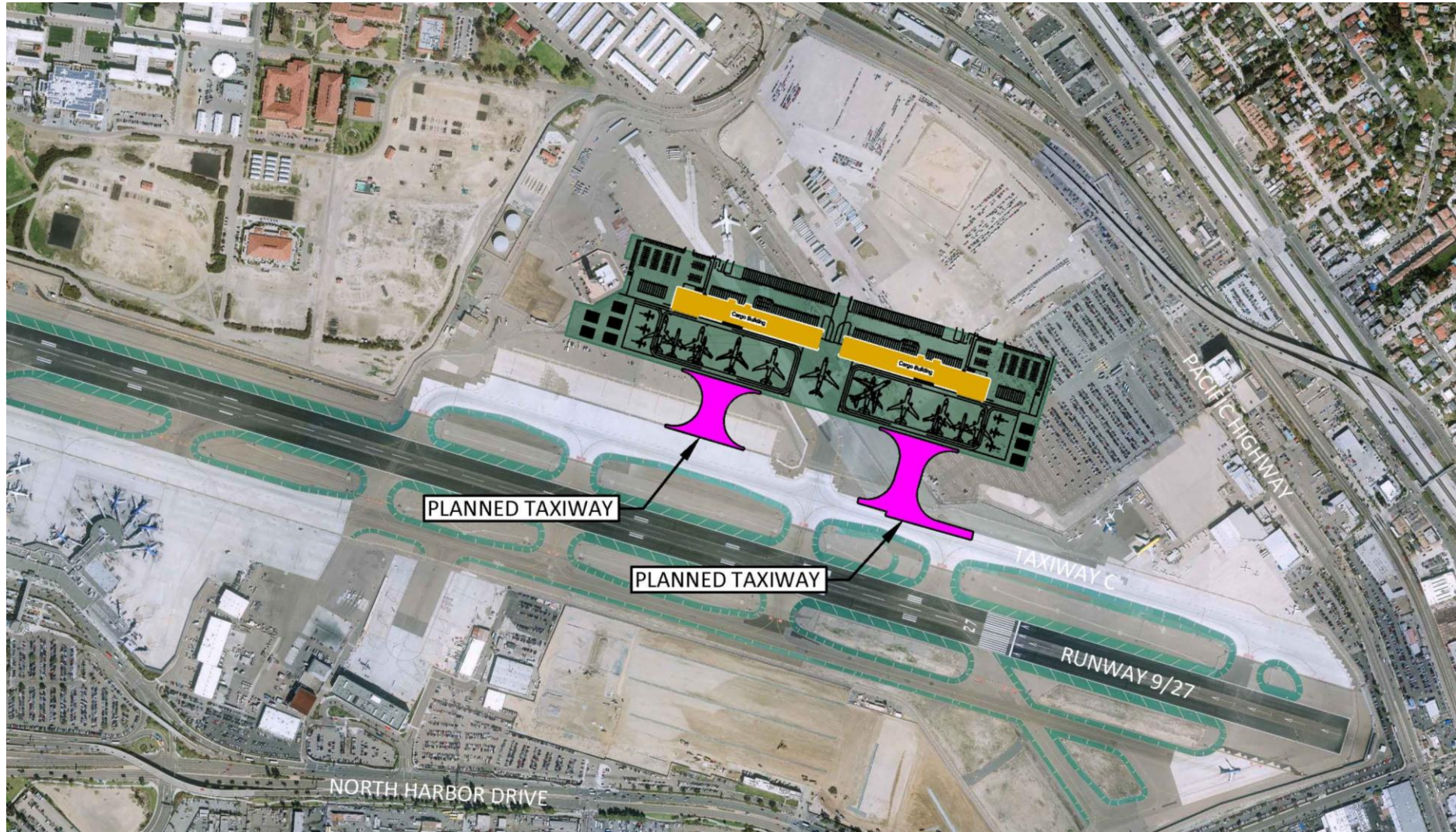
## SCOPE:

- Upgrade Ground Transportation Permit Software
- Upgrade Taxi Cab Trip Fee Payment System
- New Automated Taxi and Shuttle Dispatch System
- Upgrade Automotive Vehicle Identification (AVI) Software
- Upgrade AVI hardware at eight locations including: Commuter Terminal passenger loading curb, the Terminal 1 transit plaza and the Terminal 2 West transit Plaza

## Strategies :

- Financial
- Customer
- Operations

| Estimated Cost | Duration  |
|----------------|-----------|
| \$2,400,000    | 11 months |





## SCOPE:

- Provide two taxiways connecting Taxiway Charlie with the planned north side cargo facility:
  - Demolish existing 12" thick Portland Concrete Cement pavement
  - Excavate and dispose of 24" of soil
  - Compact the subgrade to 90%, import material and compact to 95%
  - Provide 17" thick PCC, 8" thick Econocrete, 6" aggregate base
  - Rent 15,000 sq. ft. of plates for 6 months

## Strategies:

- Customer
- Operations

| Estimated Cost | Duration  |
|----------------|-----------|
| \$9,545,000    | 25 months |

# Construct Apron Blast Fence at Commuter Terminal



## SCOPE:

- Provide a blast fence along the Commuter Terminal apron to direct jet blast away from Winship Lane and Lot 8:
  - Build blast fence, 10' high x 264 LF long
  - Build passive pressure key – 8' wide x 2' deep

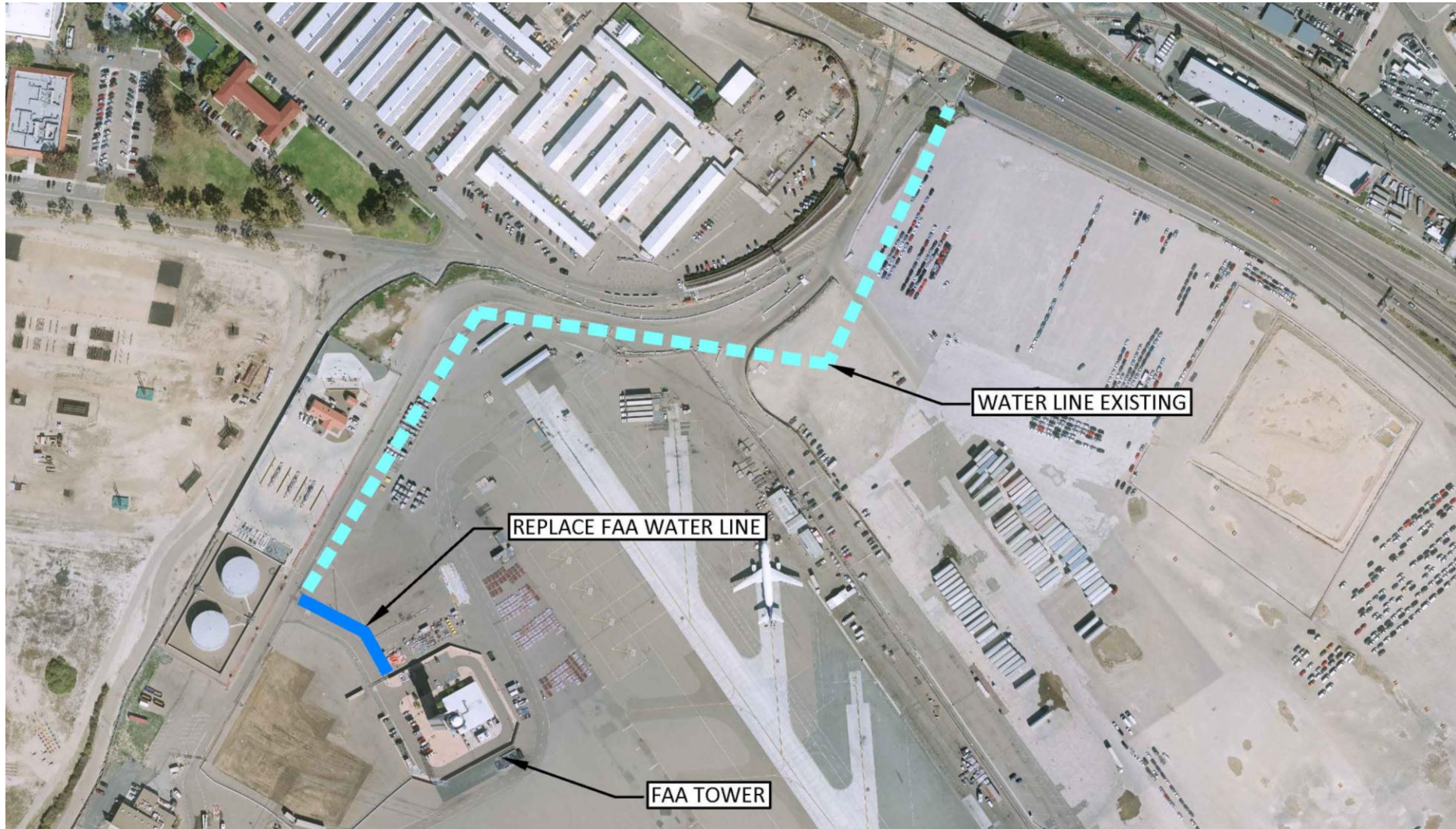
## Strategies:

- Customer
- Operations

|                       |                  |
|-----------------------|------------------|
| <b>Estimated Cost</b> | <b>Duration</b>  |
| <b>\$990,000</b>      | <b>12 months</b> |



# Construct FAA Waterline



## SCOPE:

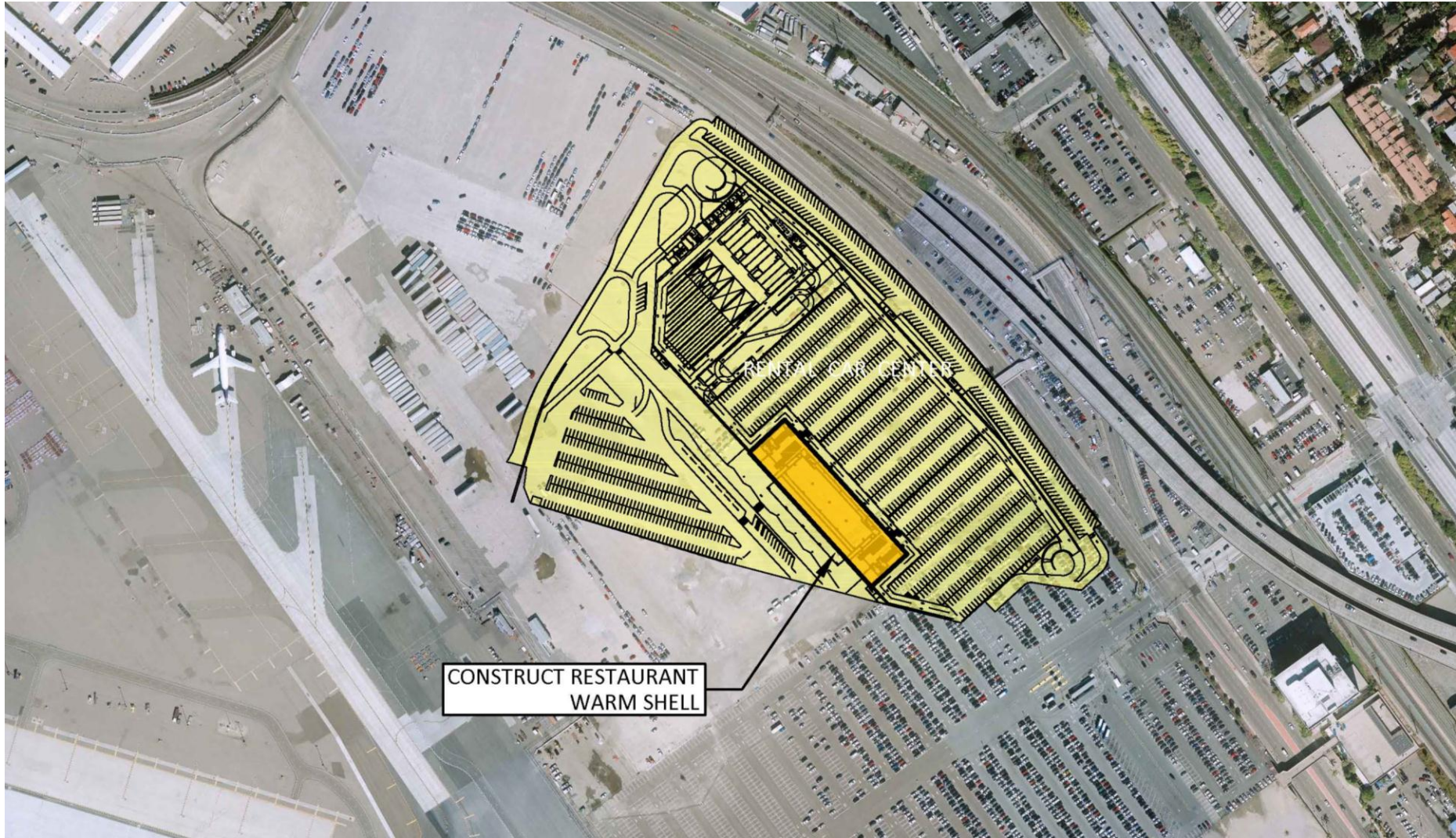
- Excavate 4 feet deep below 5" asphalt pavement
- Install 2" PVC water line to the Air Traffic Control Tower replacing the existing corroded FAA waterline
- Install a booster pump
- Install two water meters (not City meters)

## Strategies:

- Customer
- Operations

| Estimated Cost | Duration  |
|----------------|-----------|
| \$470,000      | 10 months |

# Construct Rental Car Center (RCC) Restaurant Warm Shell



## SCOPE:

- Develop a shell space for a Food & Beverage tenant improvement at the RCC
  - Foundations
  - Floor & roof structures
  - Exterior cladding
  - Roofing & waterproofing
  - Stairs/vertical transportation
  - On-site utilities

## Strategies:

- Financial
- Customer

| Estimated Cost | Duration  |
|----------------|-----------|
| \$4,955,000    | 17 months |

# Cargo Development Oversight





## SCOPE:

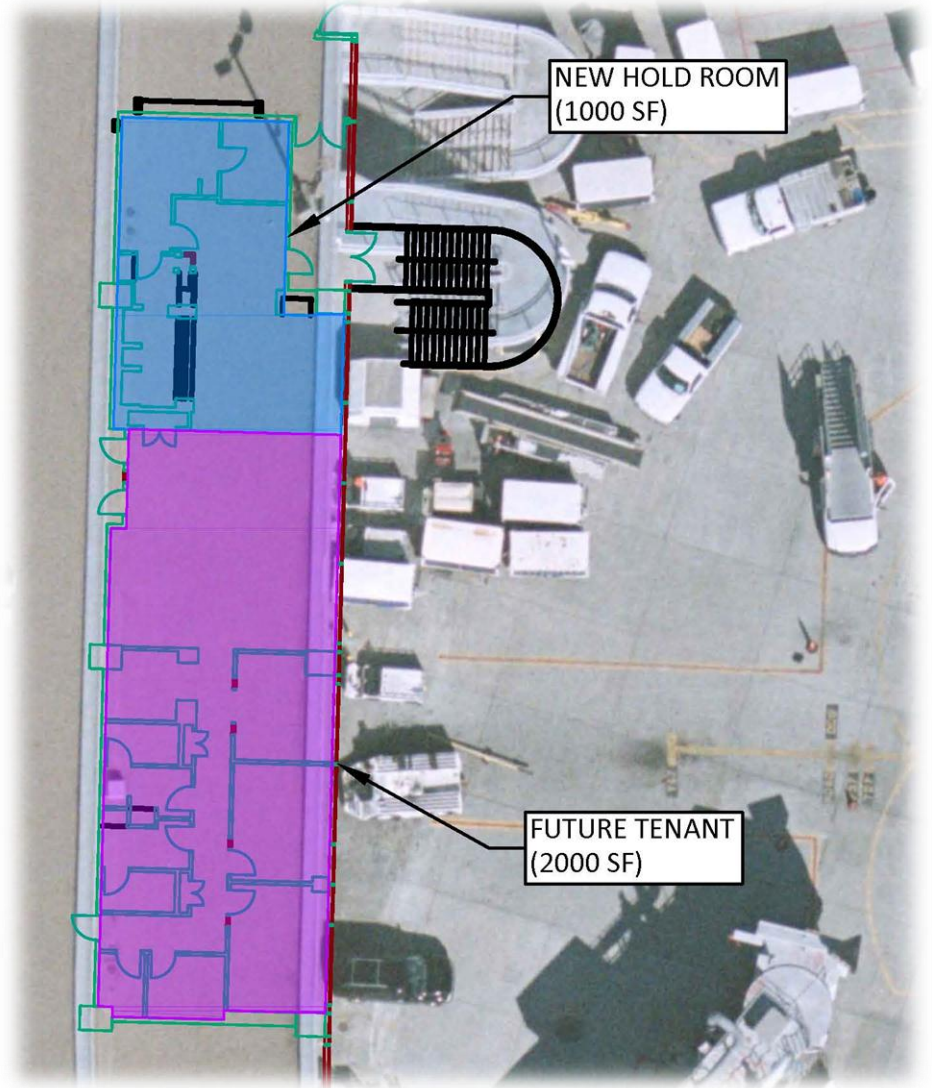
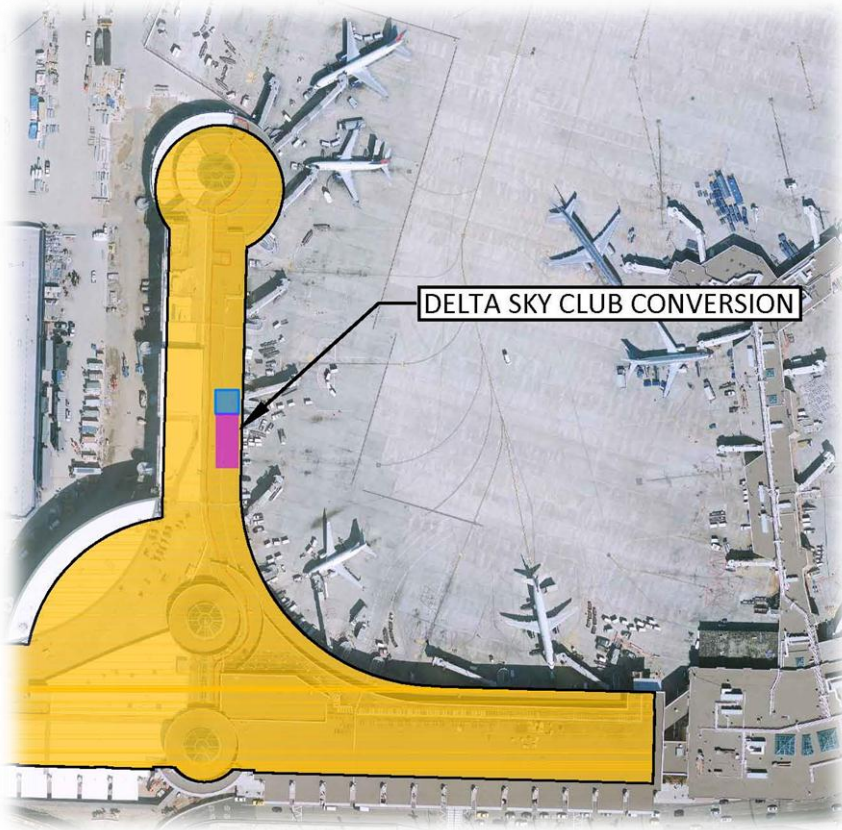
- Provide development oversight for a cargo building tenant improvement

## Strategies:

- Customer

|                       |                  |
|-----------------------|------------------|
| <b>Estimated Cost</b> | <b>Duration</b>  |
| <b>\$1,550,000</b>    | <b>29 months</b> |

# Sky Club Conversion



## SCOPE:

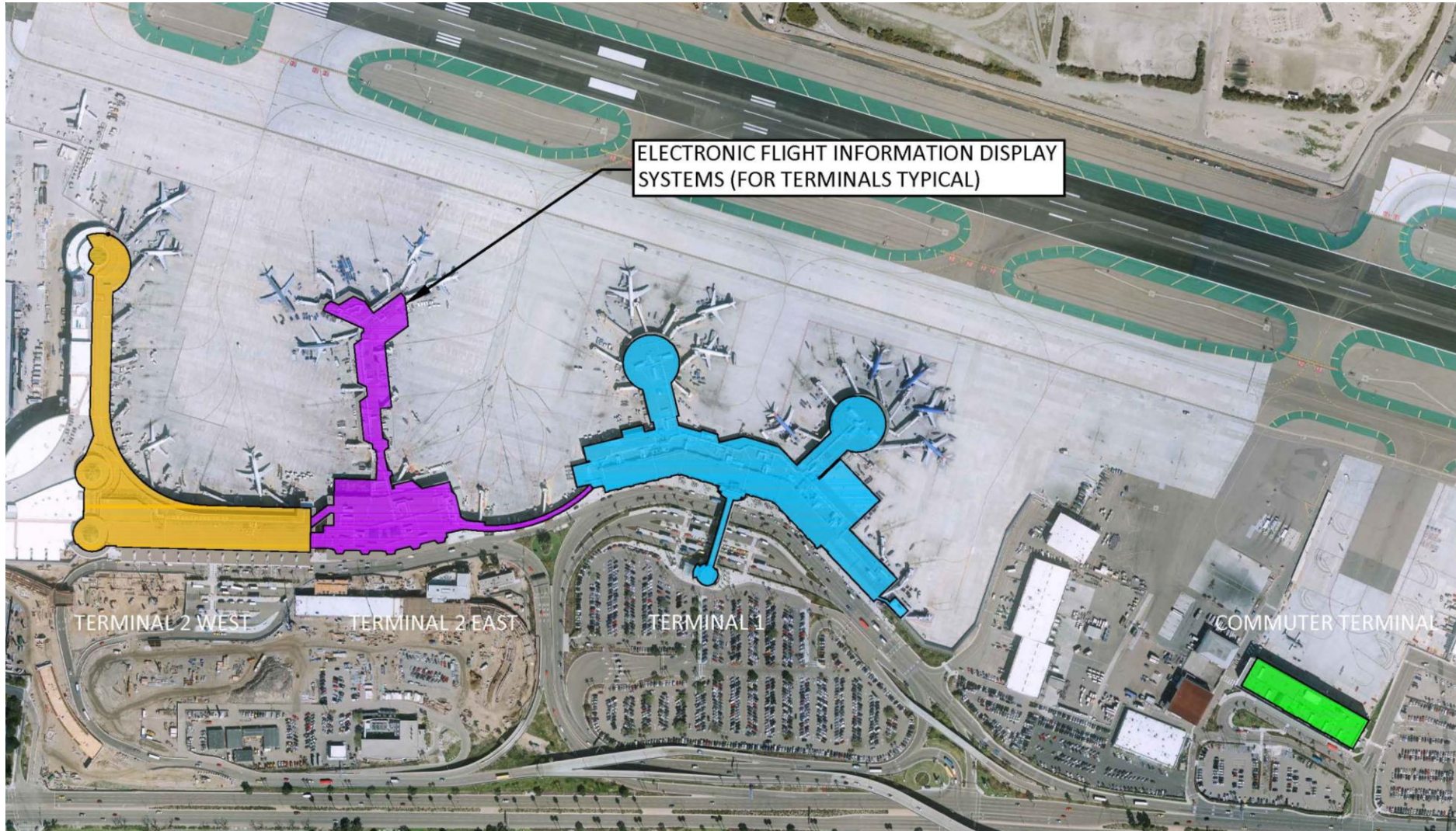
- Demolish the existing 3,000 sq. ft. Delta Sky Club in Terminal 2 West
- Construct 1,000 sq. ft. of fully improved hold room space
  - Includes 100 Herman Miller hold room seats
- Construct 2,000 sq. ft. of shell space for a future tenant

## Strategies:

- Financial
- Customer
- Operations

| Estimated Cost | Duration  |
|----------------|-----------|
| \$1,495,000    | 15 months |

# Terminal Flight Information Display System (FIDS) Update



## SCOPE:

- Replace 32” FIDS monitors with 67 new Samsung 46” LED monitors
- Most surrounds have to be replaced
- Stainless steel frames need additional framing members
- Replace existing free standing stainless steel towers
- Anticipate relocating the FIDS bank at the 2nd floor of T2W and installing a new cabinet
- Replace existing Clear Cubes with a Direct Digital Control controller

## Strategies:

- Customer

| Estimated Cost | Duration  |
|----------------|-----------|
| \$3,022,000    | 16 months |

# Replace Passenger Loading Bridges in Terminal 1

REPLACE PASSENGER LOADING BRIDGES



# Replace Passenger Loading Bridges in Terminal 1

## SCOPE:

- Replace three Passenger Loading Bridges at Terminal 1
- Gates: 3, 5, 16
- Replace the foundations of three bridges

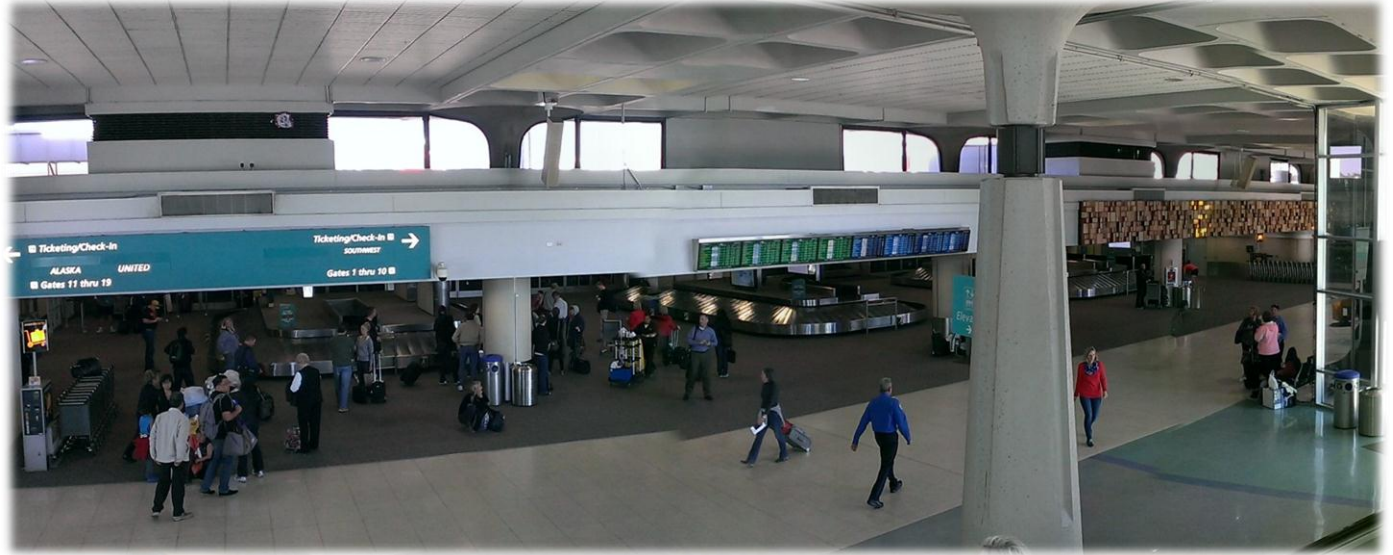
## Strategies:

- Customer
- Operations

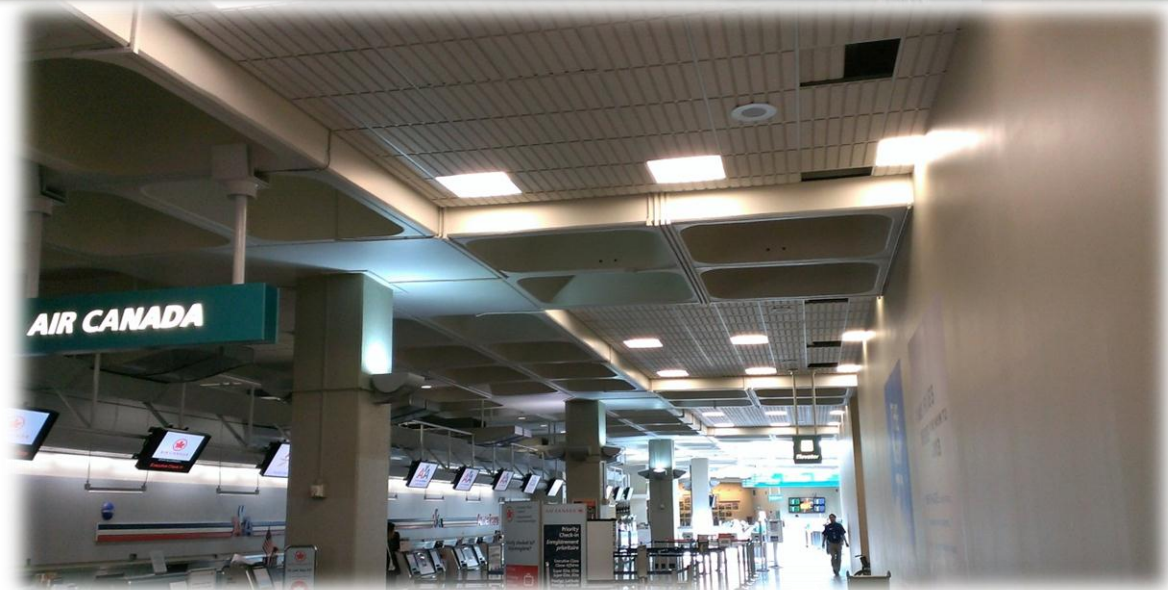
| Estimated Cost | Duration  |
|----------------|-----------|
| \$3,120,000    | 20 months |

# Terminal 1 Baggage Claim Area Enhancements and Terminal 2 East Ceiling Upgrade

T1 Baggage  
Claim



T2E Ceiling  
Upgrade





# Terminal 1 Baggage Claim Area Enhancements and Terminal 2 East Ceiling Upgrade

## SCOPE:

### T1 Baggage Claim Area:

- Raise the ceiling
- Replace light fixtures, carpeting, signage, and fascia
- Reposition FIDS and artwork

### T2E Ceiling Upgrade:

- Replace T2E ceiling at security checkpoint and ticket counter to match the rest of T2E

## Strategies:

- Customer

| Estimated Cost | Duration  |
|----------------|-----------|
| \$4,056,000    | 22 months |

# Wayfinding Signage and Directories (Terminal, Road, & Parking)



# Wayfinding Signage and Directories (Terminal, Road, & Parking)

## SCOPE:

- Concessions Directory & Signage
  - Replace existing with Samsung 46" LED and a DDC controller
- Provide four interactive sign units
- Parking Signage & Wayfinding
  - Replace 10 large parking wayfinding signs
- Wayfinding Study
  - Two Caltrans signs, 25 City signs

## Strategies:

- Customer
- Operations
- Community

| Estimated Cost | Duration  |
|----------------|-----------|
| \$4,940,000    | 22 months |

# Acquire Zero Emission Vehicle (ZEV) Buses



# Acquire Zero Emission Vehicle (ZEV) Buses

## SCOPE:

- Purchase two refurbished, electric motor-powered buses
- Construct one charging station

## Strategies:

- Operations
- Community

|                       |                  |
|-----------------------|------------------|
| <b>Estimated Cost</b> | <b>Duration</b>  |
| <b>\$2,500,000</b>    | <b>29 months</b> |

# T2E Customer Use Passenger Processing System (CUPPS) Expansion



# T2E Customer Use Passenger Processing System (CUPPS) Expansion

## SCOPE:

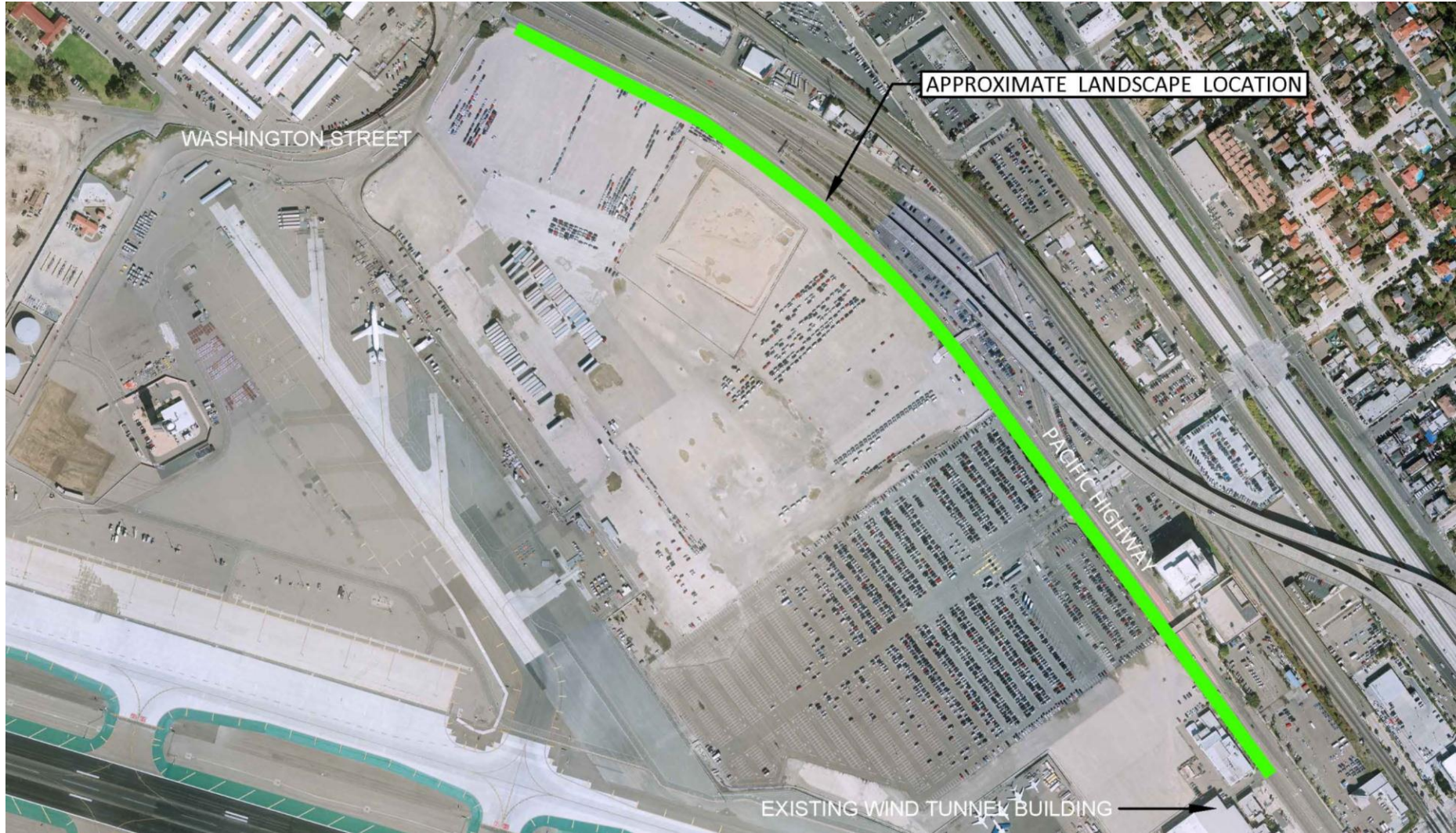
- Install seven CUPPS in Terminal 2 East – Gates 23, 24, 25, 27, 28, 31, 32
- Replace existing ticket counters with CUPPS stations
- Each CUPPS includes: gate counters, workstations, keyboards, monitors, bag tag printer, boarding pass printer, boarding gate reader
- Replace existing back panel with new casework and monitors

## Strategies:

- Customer
- Operations

| Estimated Cost | Duration  |
|----------------|-----------|
| \$4,000,000    | 20 months |

# North Side Additional Landscaping





## **SCOPE:**

Provide improvements along Pacific Highway from Washington Street to the Wind Tunnel Fence:

- Expand to 5 ft., add trees and landscaping, place sidewalk
- Rehabilitate the street
- Coordinate Easement with the City of San Diego
- Draft maintenance agreement
- Relocate dry and wet utilities to accommodate sidewalk improvements, etc.

## **Strategies:**

- Community

| Estimated Cost | Duration  |
|----------------|-----------|
| \$2,500,000    | 17 months |



# Reconstruct Aprons at Cargo Terminal & Terminal 1



## SCOPE:

Reconstruct as recommended in the 2011 Pavement Maintenance/ Management Study to prevent failure, airport disruption, and increase safety:

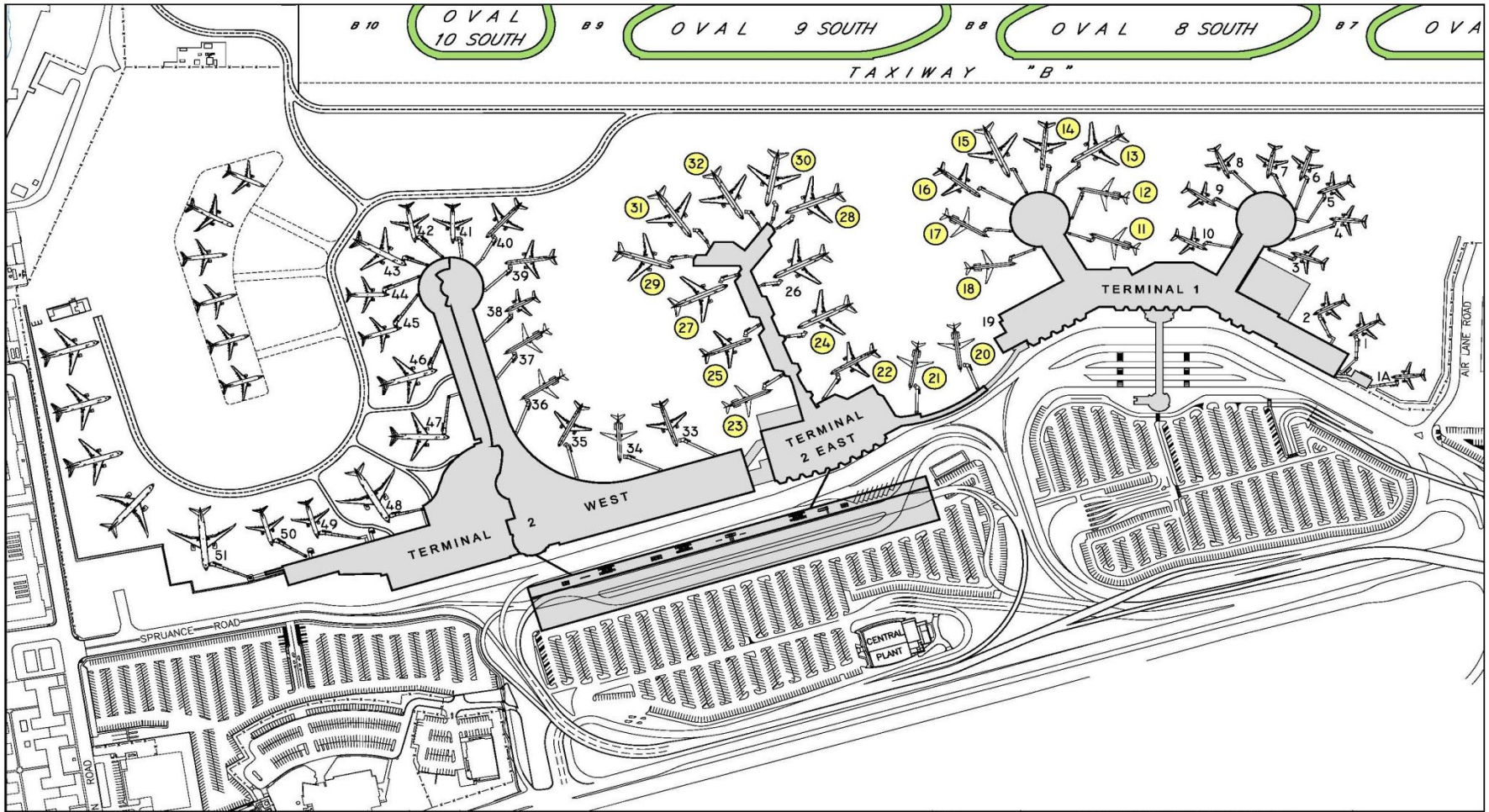
- Rehabilitate apron at south cargo terminal (approx. 17,746 sq. ft.)
- Rehabilitate apron at Terminal 1 (approx. 24,978 sq. ft.)

## Strategies:

- Customer
- Operations

| Estimated Cost | Duration  |
|----------------|-----------|
| \$1,169,015    | 22 months |

# Pre-conditioned Air Installation in Terminal 1 West and Terminal 2 East



# Pre-conditioned Air Installation in Terminal 1 West and Terminal 2 East

## SCOPE:

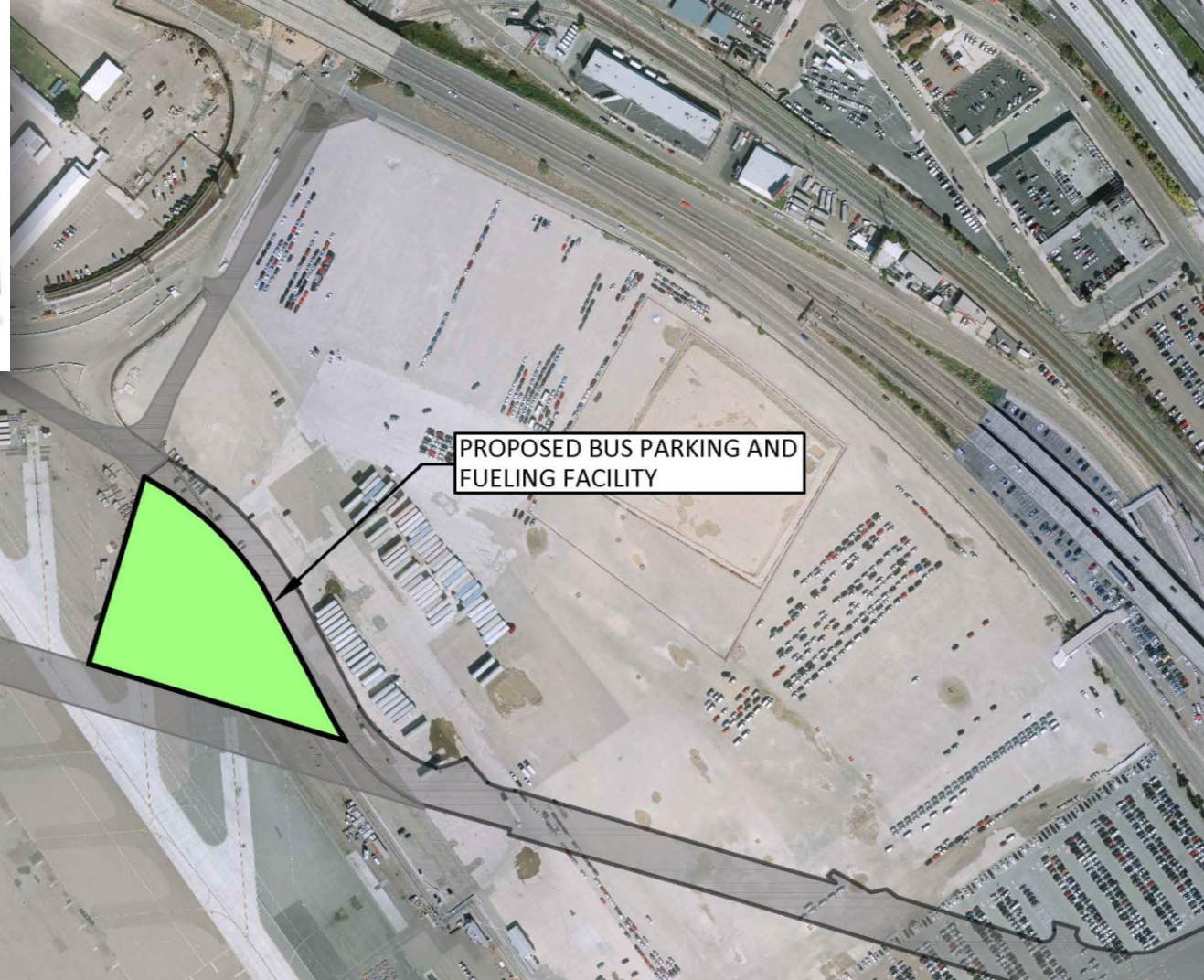
- Install pre-conditioned air at 19 gate locations – 8 in Terminal 1 and 12 in Terminal 2 East
- Allow aircraft parked at the gates to connect to ground power sources and reduce aircraft engine use and air emissions
- Meets commitments to the Attorney General Memorandum of Understanding

## Strategies:

- Customer
- Operations

|                       |                  |
|-----------------------|------------------|
| <b>Estimated Cost</b> | <b>Duration</b>  |
| <b>\$4,800,000</b>    | <b>19 months</b> |

# Acquire Rental Car Center (RCC) Buses & Construct Bus Parking and Fueling Facility



# Acquire Rental Car Center (RCC) Buses & Construct Bus Parking and Fueling Facility

## SCOPE:

- Procure 25 alternative fuel Compressed Natural Gas (CNG) Buses
- Provide a fueling facility for the alternative fuel buses including:
  - High bay maintenance building with office space for 10 employees
  - Fueling stations for two buses
  - Dual bay wash rack
  - Parking for 25 CNG buses, 2 ZEV buses, and 16 employees

## Strategies:

- Financial
- Operations

| Estimated Cost | Duration  |
|----------------|-----------|
| \$30,600,000   | 26 months |

# Plan of Finance FY 2014 – FY 2018



## Uses of Funds by Location

### Total Use of Funds by Location

Pre FY 2014 - FY 2018

(in thousands)

| <u>Location</u> | <u>Green Build / TDP</u> | <u>CIP</u>        | <u>Total</u>        |
|-----------------|--------------------------|-------------------|---------------------|
| Terminal        | \$ 499,951               | \$ 108,250        | \$ 608,201          |
| Landside        | 251,063                  | 429,554           | 680,617             |
| Airside         | 68,986                   | 129,865           | 198,851             |
| Admin           | -                        | 11,960            | 11,960              |
| Finance Costs   | 87,796                   | 29,974            | 117,770             |
| <b>Total</b>    | <b>\$ 907,796</b>        | <b>\$ 709,603</b> | <b>\$ 1,617,399</b> |

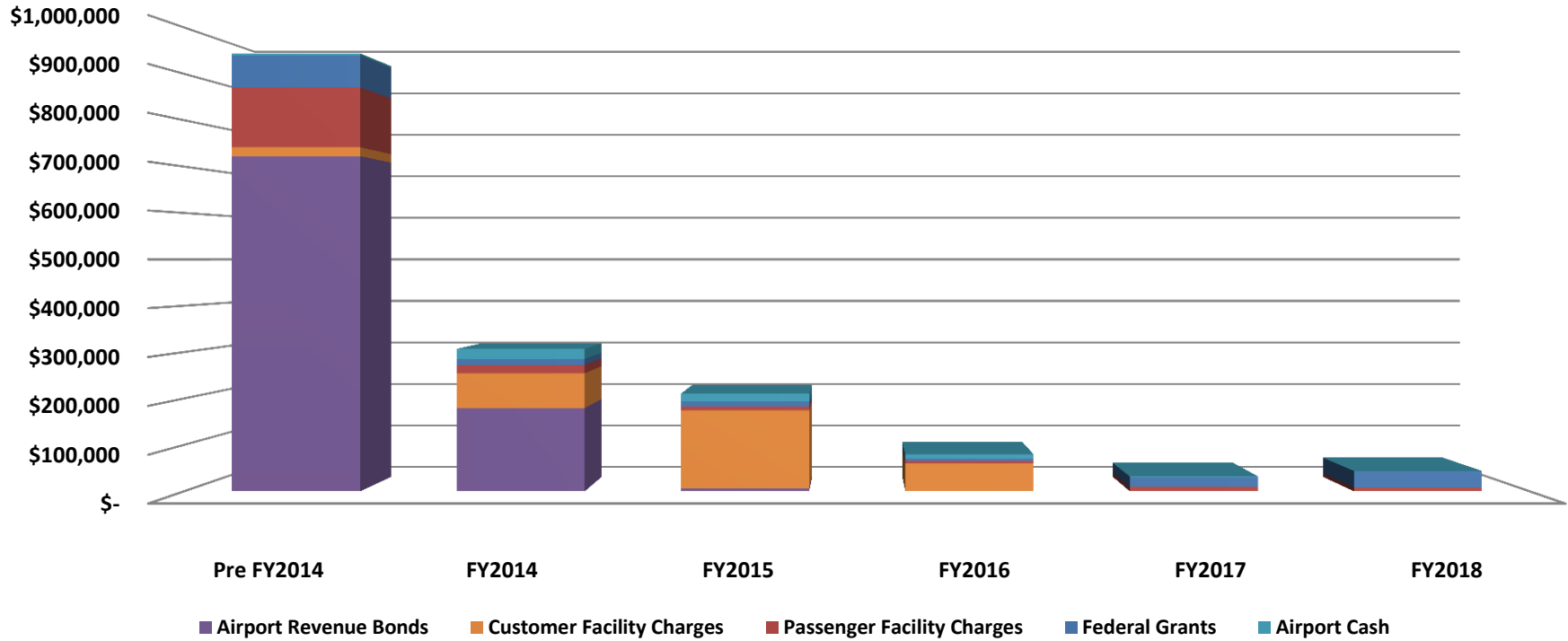
## Uses and Sources of Funds

| <i>(in thousands)</i> | <u>Total Use of Funds</u> |                   |                   |                  |                  |                  |                     |
|-----------------------|---------------------------|-------------------|-------------------|------------------|------------------|------------------|---------------------|
|                       | Pre FY2014                | FY2014            | FY2015            | FY2016           | FY2017           | FY2018           | Total               |
| Green Build / TDP     | \$ 705,672                | \$ 114,328        | \$ -              | \$ -             | \$ -             | \$ -             | \$ 820,000          |
| CIP                   | 120,480                   | 192,618           | 210,560           | 79,657           | 32,267           | 44,046           | 679,629             |
| Finance Costs         | 117,770                   | -                 | -                 | -                | -                | -                | 117,770             |
| <b>Total</b>          | <b>\$ 943,923</b>         | <b>\$ 306,945</b> | <b>\$ 210,560</b> | <b>\$ 79,657</b> | <b>\$ 32,267</b> | <b>\$ 44,046</b> | <b>\$ 1,617,399</b> |

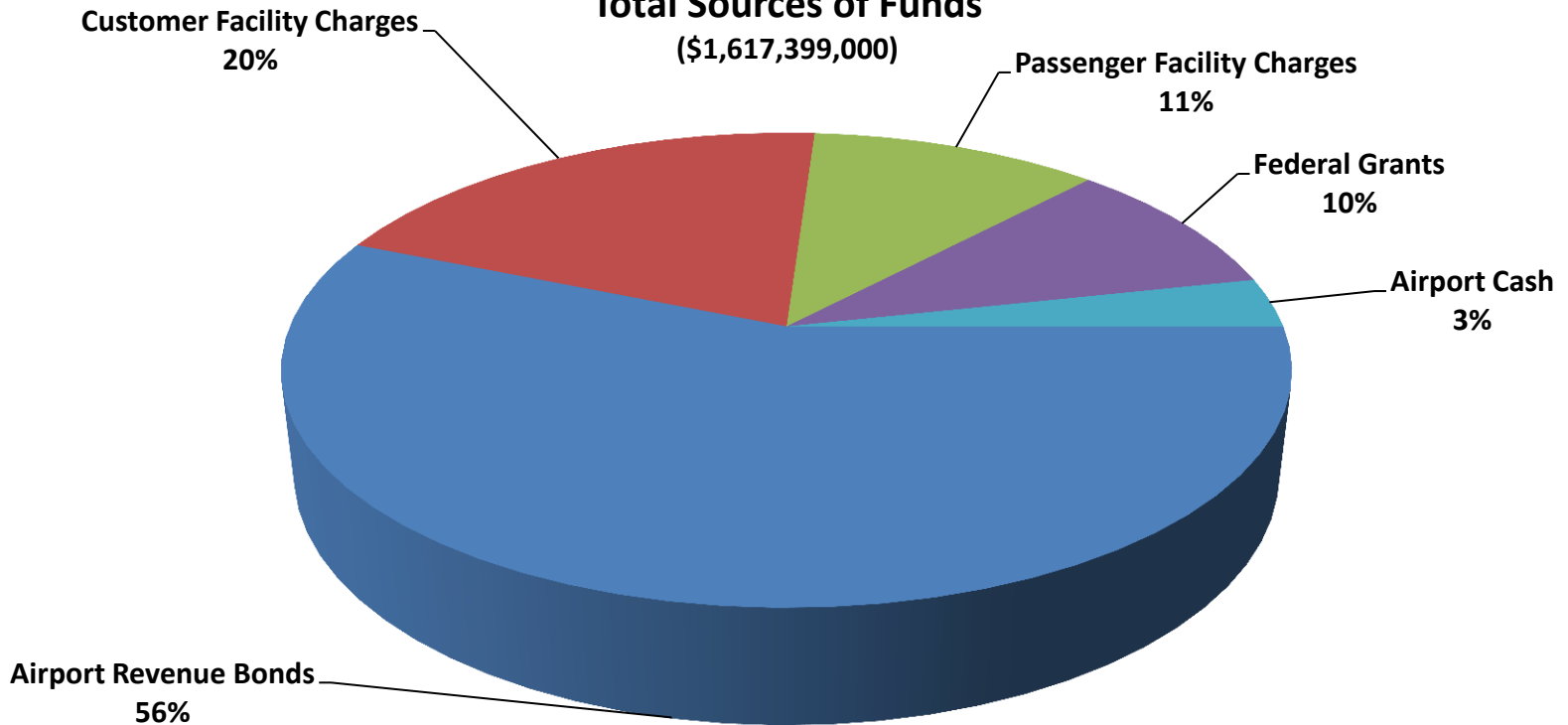
| <i>(in thousands)</i>         | <u>Total Sources of Funds</u> |                   |                   |                  |                  |                  |                     |
|-------------------------------|-------------------------------|-------------------|-------------------|------------------|------------------|------------------|---------------------|
|                               | Pre FY2014                    | FY2014            | FY2015            | FY2016           | FY2017           | FY2018           | Total               |
| Airport Revenue Bonds         | 722,334                       | 179,226           | 6,779             | 502              | -                | -                | 908,840             |
| Customer Facility Charges     | 19,242                        | 75,234            | 167,752           | 59,247           | -                | -                | 321,474             |
| Passenger Facility Charges    | 128,578                       | 17,962            | 8,401             | 5,671            | 9,666            | 8,374            | 178,652             |
| Federal Grants                | \$ 69,355                     | \$ 13,108         | \$ 10,615         | \$ 4,992         | \$ 20,876        | \$ 34,770        | \$ 153,717          |
| Airport Cash                  | 4,414                         | 21,416            | 17,013            | 9,246            | 1,724            | 902              | 54,715              |
| <b>TOTAL SOURCES OF FUNDS</b> | <b>\$ 943,923</b>             | <b>\$ 306,945</b> | <b>\$ 210,560</b> | <b>\$ 79,657</b> | <b>\$ 32,267</b> | <b>\$ 44,046</b> | <b>\$ 1,617,399</b> |

## Total Sources of Funds

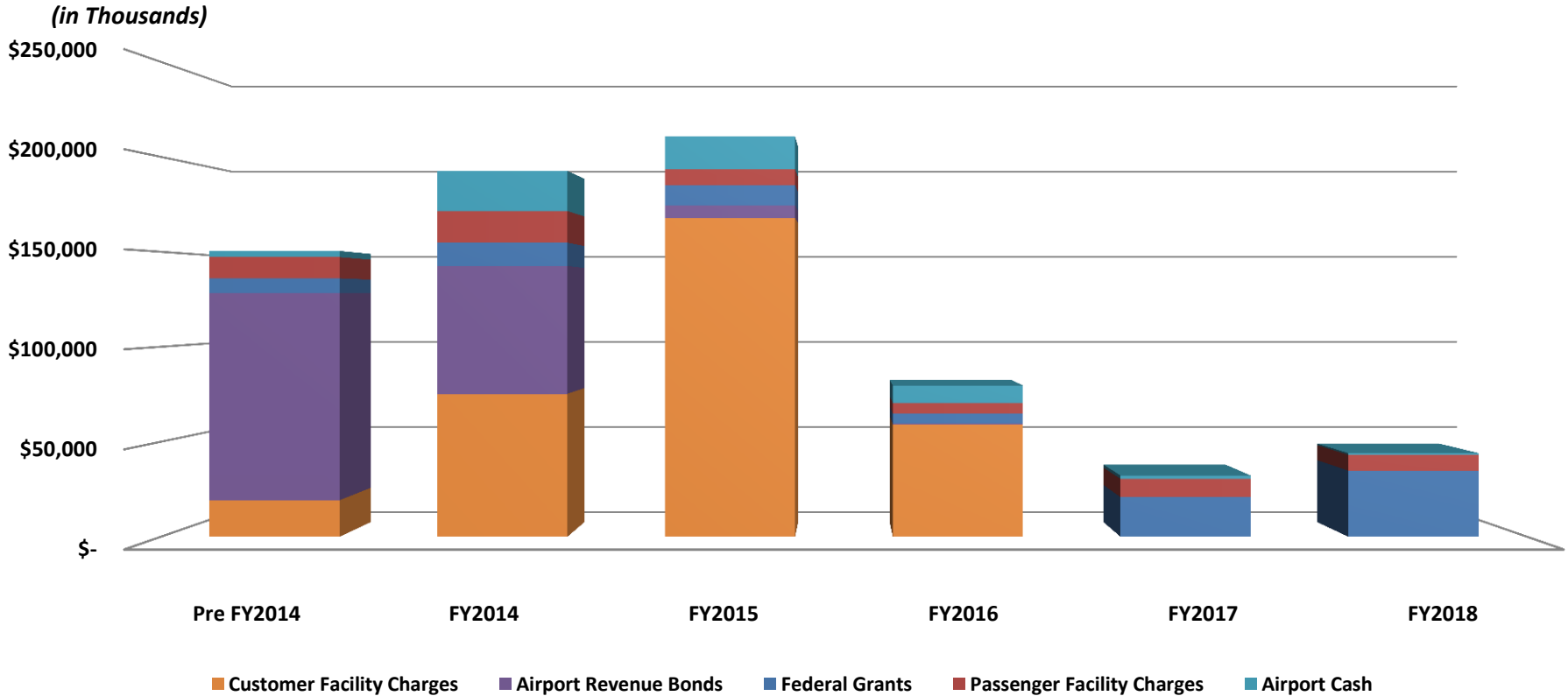
(in Thousands)



**Pre FY 2014 – FY 2018**  
**Total Sources of Funds**  
(\$1,617,399,000)



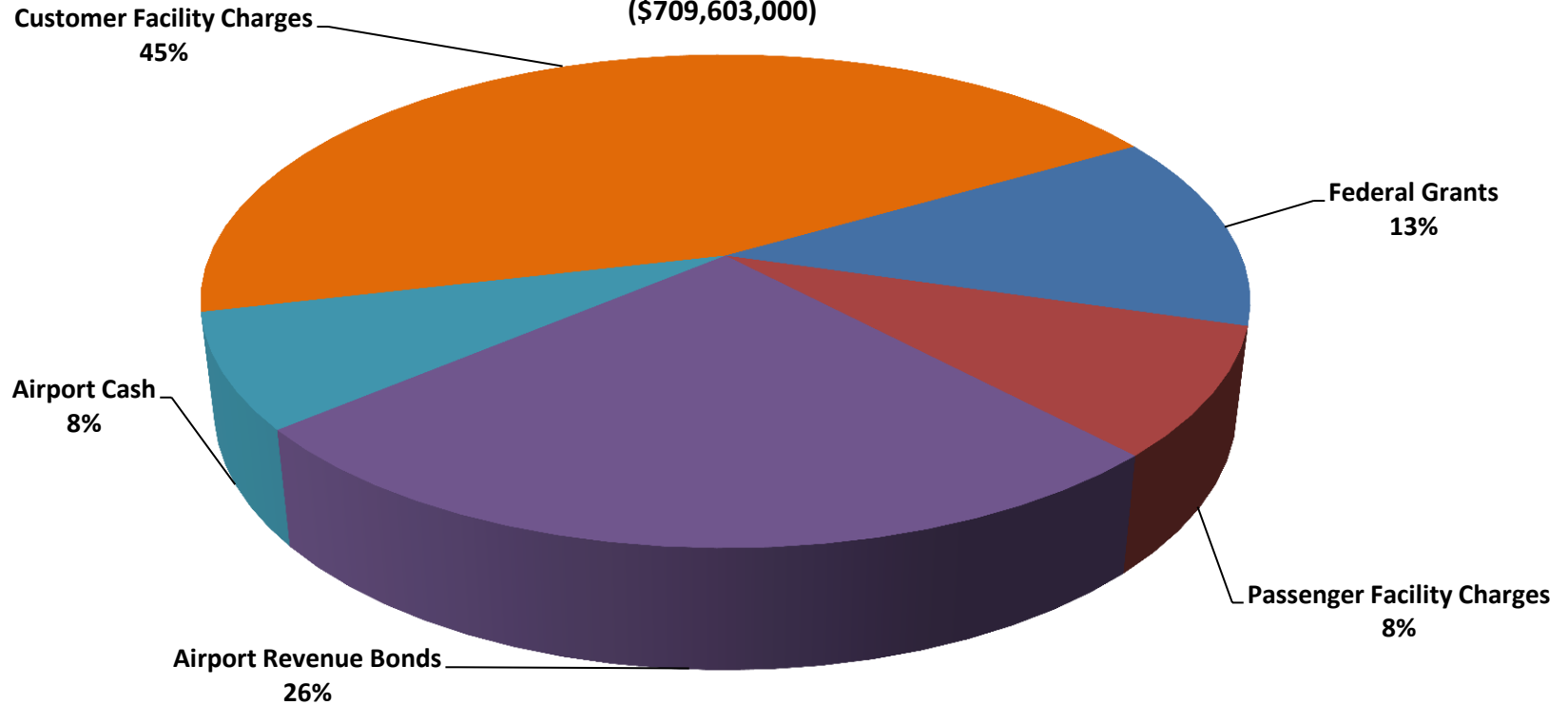
## CIP Sources of Funds



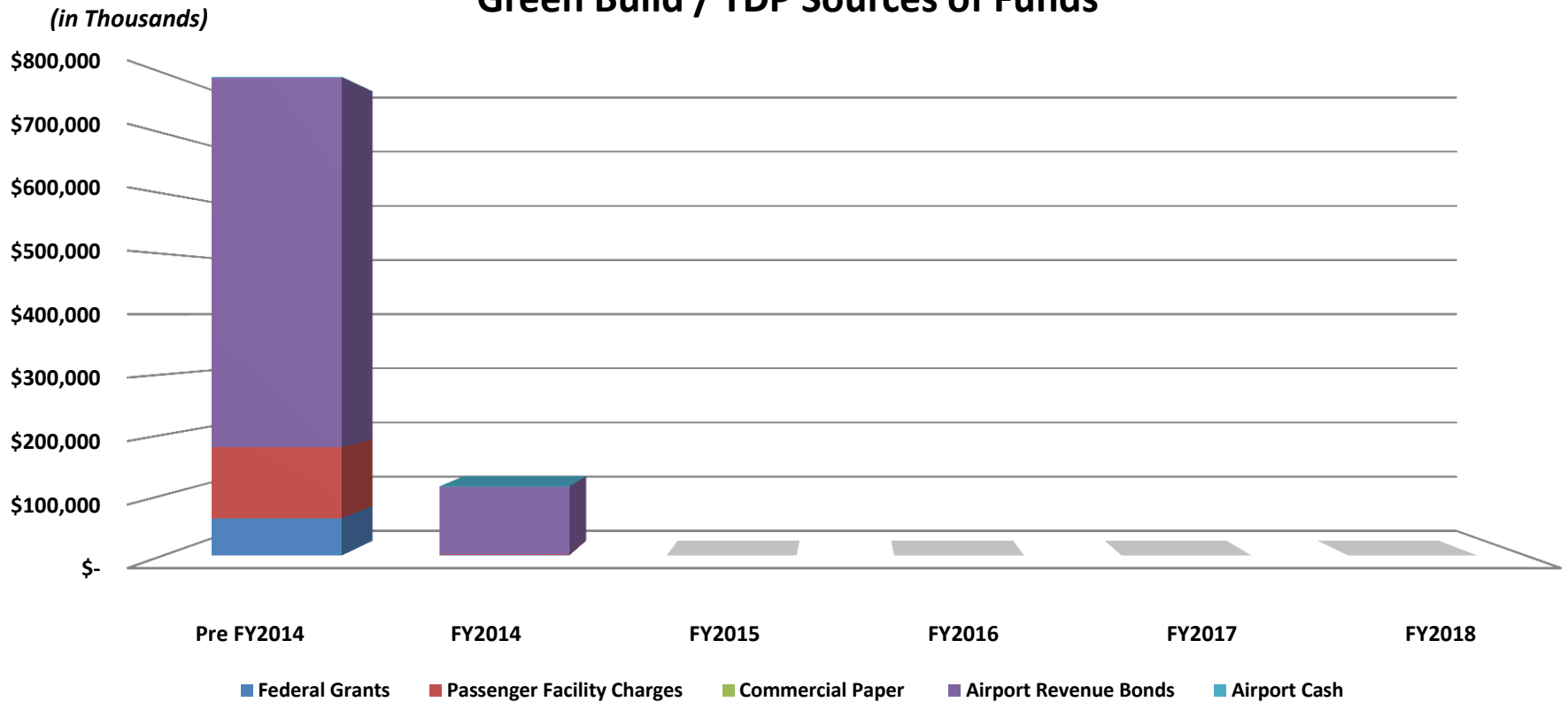
## Pre FY 2014 – FY 2018

### CIP Sources of Funds

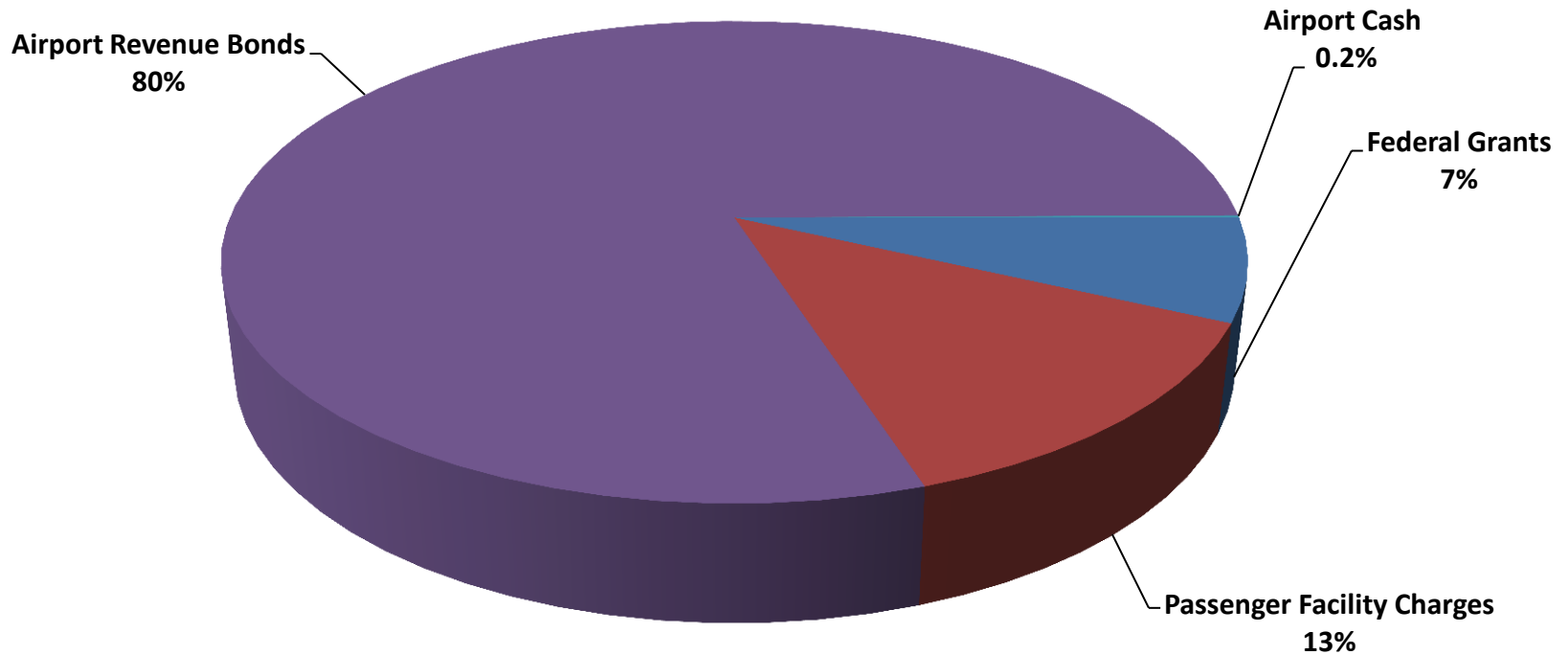
(\$709,603,000)



## Green Build / TDP Sources of Funds



**Pre FY 2014 – FY 2018**  
**Green Build / TDP Sources of Funds**  
(\$907,796,000)

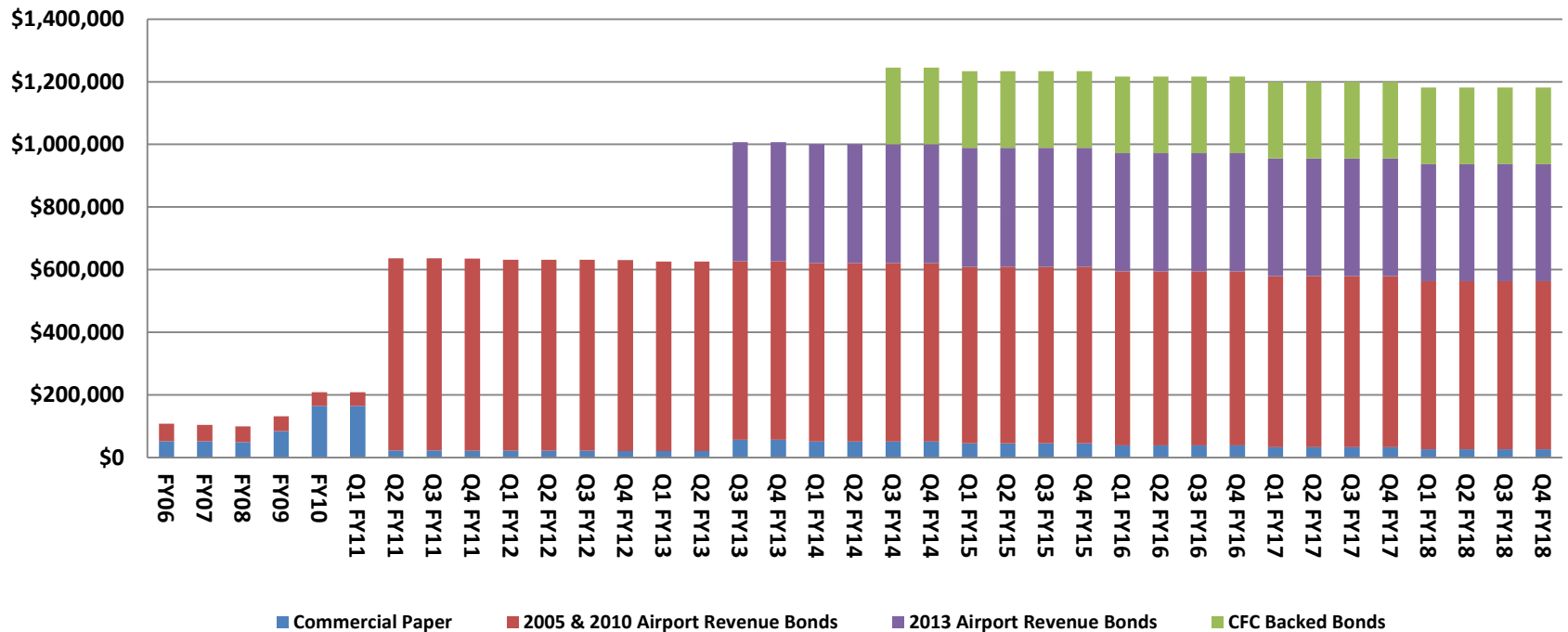




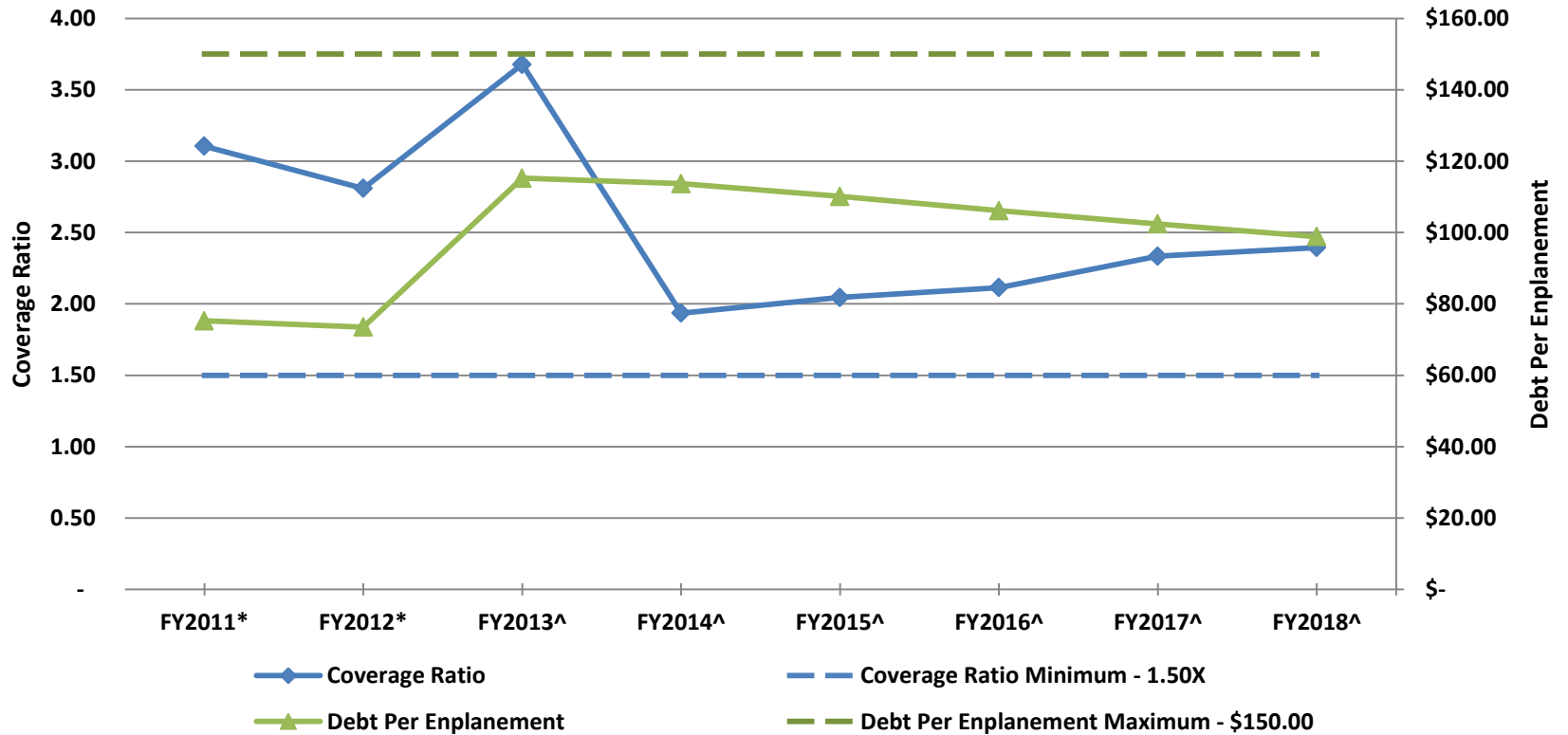
## Aggregate Debt

FY 2006 – FY 2018

(in Thousands)



## Coverage Ratio & Debt Per Enplanement



\* Actuals

^ Forecast

## Debt per Enplanement and Coverage Ratio

| Fiscal Year    | Enplanements | Enplanement Growth | Outstanding Debt | Debt per EPAX <sup>1</sup> | Debt Coverage <sup>2</sup> |
|----------------|--------------|--------------------|------------------|----------------------------|----------------------------|
| <b>FY2011*</b> | 8,441,120    | -0.2%              | 635,298,000      | 75.26                      | 3.11                       |
| <b>FY2012*</b> | 8,575,475    | 1.6%               | 630,538,000      | 73.53                      | 2.81                       |
| <b>FY2013^</b> | 8,736,000    | 1.9%               | 1,006,595,572    | 115.22                     | 3.72                       |
| <b>FY2014^</b> | 8,800,000    | 0.7%               | 1,000,423,572    | 113.68                     | 1.92                       |
| <b>FY2015^</b> | 8,976,000    | 2.0%               | 988,573,572      | 110.14                     | 2.05                       |
| <b>FY2016^</b> | 9,156,000    | 2.0%               | 971,729,572      | 106.13                     | 2.11                       |
| <b>FY2017^</b> | 9,320,000    | 1.8%               | 954,540,572      | 102.42                     | 2.34                       |
| <b>FY2018^</b> | 9,479,000    | 1.7%               | 936,827,572      | 98.83                      | 2.39                       |

<sup>1</sup>Goal per Debt Policy is no more than \$150 per enplaned passenger (excluding CFC backed bonds)

<sup>2</sup>Target minimum per Debt Policy: 1.50x

\* Actuals

^ Forecast

# Conclusion

## SDCRAA FY 2014 Proposed Budget & FY 2015 Proposed Conceptual Budget

- Provides necessary resources to accomplish the Authority's Strategies & Sustainability Goals
- Continues to support necessary infrastructure development
- Enhances the financial position of the Authority
- Demonstrates prudence during continued economic uncertainty
- Meets mandated airport safety and security requirements
- Honors the Authority's legislative and regulatory mandates
- Supports regional transportation partnerships and community outreach
- Maintains competitive rates for airline tenants and airport users
- Addresses facility lifecycle maintenance costs
- Is supported by airport users...no local taxpayer dollars



# SAN DIEGO COUNTY REGIONAL AIRPORT AUTHORITY

## Board Communication

**Date:** May 17, 2013  
**To:** Board Members  
**From:** Bryan Enarson, Vice President, Development  
**Via:** Thella F. Bowens, President/CEO   
**Subject:** Fiscal Year 2014-2018 Capital Improvement Program / Rental Car Center

---

Staff will present the FY 2014-2018 Capital Improvement Program (CIP) at the Budget Workshop on May 23, 2013. The advance material you received for this workshop contained a projected budget of \$264 million for the proposed Rental Car Center (RCC) within the CIP. Over the last several months, staff has worked with the rental car agencies, the construction manager and designer to refine and finalize the RCC project. As a result, the projected budget for the RCC has increased \$52 million to a total of \$316 million.

The major drivers for this increase are: (1) the increase in the RCC facility's size from 1.7 million square feet to 2 million square feet, which reflects operational needs of the rental car agencies discovered during consultations among the parties; and, (2) the impact of the earthquake faults located directly adjacent to the proposed RCC, which created additional engineering and construction costs for the facility.

Staff will be presenting more detail regarding the RCC budget and schedule at the Capital Improvement Program Oversight Committee meeting on June 20, 2013.




SAN DIEGO  
INTERNATIONAL  
AIRPORT



# SAN DIEGO COUNTY REGIONAL AIRPORT AUTHORITY

## Board Communication

Date: May 17, 2013  
To: Board Members  
From: Thella F. Bowens, President/CEO   
Subject: FY 2014 and Conceptual FY 2015 Budget Human Capital Justifications

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This memo provides detail regarding the human capital requests in this year's budget submittal. Unless otherwise noted, the positions are effective for FY 2014. The Authority's budget is a comprehensive planning document that plans for one fiscal year cycle and conceptualizes the second year. As such, the human capital budget is outlined in the same format. The dynamic nature of our business and the complex new systems and programs coming on-line over the next one to four years require a comprehensive review of the Authority's personnel resources.

The requests reflect the additional responsibilities and new methodologies being used to maintain our facilities along with new or expanding programs. Attention was paid to near-term demands, but also to maintaining a sustainable business model. Where possible, Limited Duration positions are requested if staffing needs are finite.

Staff will present these positions as a component of the May 23 budget workshop. In advance of that discussion, this document provides additional data related to the human capital aspect of the budgets.



SAN DIEGO  
INTERNATIONAL  
AIRPORT

**ADMINISTRATION DIVISION**

**DEPARTMENT:     MARKETING & PUBLIC RELATIONS**

**NEW POSITION:     Limited Duration Art Program Coordinator I**

The Airport Art Program is within the Marketing & Public Relations Department and this limited duration position has been added solely to support the additional peak workload periods during The Green Build and the construction of the Rental Car Center (RCC). The organization's Art Program work product is currently performed by three individuals: one full-time Manager, one part-time Coordinator and one full-time, limited duration Coordinator. The limited duration Coordinator position was added in July 2012 when management determined that additional staff resources would be necessary to adequately install and manage the Authority's 22 public art projects (predominately in the Green Build and North Side Development projects) totaling approximately \$6.9 million in planning, design, fabrication, construction and other project-related costs. The Accounting Department determined that the position's work could be considered Capitalized Labor.

Though the position currently exists, it was added after the adoption of the FY 2013 and FY 2014 Conceptual Budgets. Therefore, staff requests that the limited duration Art Coordinator I position be approved as part of the FY 2014 budget. The responsibilities of the position include planning, coordinating and implementing artist participation in the public art program from concept creation through installation for each public art project. The filling of this position has enabled enhanced efficiency and performance in the administration and coordination of the extraordinary projects currently underway. Assuming approval to continue, this Limited Duration position would terminate at the conclusion of the RCC project peak workload.



## **DEVELOPMENT DIVISION**

### **DEPARTMENT: FACILITIES DEVELOPMENT**

#### **NEW POSITIONS:**

1. Senior Program Manager (previously authorized but unfunded)
2. Project Manager, Tenant Improvement (previously authorized but unfunded)
3. Capital Project Manager (previously authorized but unfunded)
4. Labor Compliance Technician II (previously authorized but unfunded)
5. Labor Compliance Technician I
6. Cost Analyst
7. Quality Assurance/Quality Control Manager (**NOTE**: effective in FY 2015)

Since the Authority's inception in 2003, the Facilities Development Department (FDD) has utilized both Authority staff and consultant staff from Program Management firms to execute the Authority's Capital Improvement Program and Major Maintenance projects. Due to the volume and complexity of the projects, FDD currently has on-call agreements with three Program Management / Construction Management (PM/CM) firms for staff augmentation. These agreements were approved by the Board in May 2012 and have a term of three years with options for two one-year extensions. Each agreement has a not-to-exceed value of \$18 million. FDD currently has 29 Authority staff and 43 program management consultants.

Staff continuously evaluates the costs and benefits associated with the utilization of consultant staff, versus the hiring of permanent Authority staff. To accomplish this goal, staff has looked at the long-term requirements of the Authority's Capital Improvement Program (CIP) and evaluated staffing needs in both FDD and Airport Design & Construction (ADC) and created a staffing plan to meet those needs for the next ten years. This effort will reduce contracting costs as reflected in the savings shown below in both FDD and ADC.

Staff compared a fully-burdened Authority employee and a PM/CM consultant for each of the proposed positions. The comparison indicates an annual contractual savings for the Authority of \$295,533 in FY 2014 and \$741,377 in FY 2015, for a grand total of \$1,036,910 for both budget years. Also, significant time, effort and funding are expended to develop core competencies within consultant staff with no long-term benefit to the Authority. In an effort to maintain an essential and vital component of Authority project management, converting these PM/CM consultant positions to Authority positions provides continuity, intellectual/institutional memory and builds core competencies within the organization.



**DEPARTMENT: AIRPORT DESIGN & CONSTRUCTION**

**NEW POSITIONS:**

1. Two (2) Capital Project Managers
2. Safety Program Manager
3. Cost Analyst
4. Capital Project Assistant

The Airport Design and Construction Department (ADC) (formerly known as the Terminal Development Program Department) provides focused program management for the design and construction of the Airport Authority's large capital improvement projects (current projects include the Green Build and Rental Car Center). ADC utilizes nine Authority staff (7 permanent and 2 limited duration positions) and 35 consultant staff. It is anticipated that the department will manage implementation of large projects that are part of the Airport Development Plan currently in process.

As stated above, these staffing requirements have been evaluated as a collective need with FDD to execute the Authority's Capital Improvement Program. The following justification, although specifically focused on the next five years of the CIP, takes into consideration both the cross-utilization of staff between FDD and ADC, as well as the need to protect institutional knowledge as the Authority develops and maintains the Airport's infrastructure over the next decade.

The requested positions are critical to the successful development of a long-term, knowledge-based department, necessary for administering and controlling project scope, cost and schedule for the Authority's large-scale development projects. Staff has compared a fully-burdened Authority employee and a PM/CM consultant for each of the proposed positions. The comparison indicates an annual cost savings for the Authority of \$464,840. Furthermore, all of the benefits stated in the FDD section above are true with these requested positions.



**DEPARTMENT: FACILITIES MANAGEMENT**

**NEW POSITIONS:**

1. Planner / Estimator
2. Two (2) Maintenance Worker I
3. Electrician
4. Administrative Assistant II
5. Business Analyst

In January 2007, the Facilities Management Department (FMD) solicited for a staffing study to establish the necessary level of personnel to properly manage and maintain SDIA's infrastructure. The results indicated that FMD needed to have an on-hand maintenance staff of approximately 120 to accomplish all of the needed repairs, preventative and corrective maintenance. The department currently has 77 staff.

In 2008, FMD implemented Ready Service Agreements (RSAs) to augment maintenance staffing requirements as needed. These contracts, along with many other smaller agreements, allowed the Authority to reach the necessary level of labor hours to maintain the airport. Currently, FMD manages 67 individual service contracts with an aggregate value of \$109 million. The decision as to which services to contract versus the use of Authority staff is made on a case-by-case basis and includes consideration of the level of service required by the airport, the initial and long-term cost of the service and the critical nature of the service required. (As an example, runway lighting is maintained by Authority staff due to the critical nature of the equipment and the need to maintain in-house knowledge of the system, while runway rubber removal is contracted because it is needed less frequently, and is a specialized service requiring unique equipment and application methods.)

With the activation of the Green Build facilities in FY 2014, the airport's facilities are doubling in size to over 2,000,000 square feet. Industry standards indicate a staffing increase of 22 is needed to adequately maintain the additional square footage. Additionally, FMD will be supporting two major software packages also activated in FY 2014: the Automated Infrastructure Monitoring and Management System (AIMMS) and the Computerized Maintenance Management System (CMMS). Utilizing the RSAs, staff is able to limit the FY 2014-2015 staffing request to the six additional positions above. Hiring these positions will ensure that staff will: 1) be available to meet expected customer demands, and 2) the new technologically advanced systems will receive the highest level of maintenance attention. Finally, by hiring these positions as permanent staff instead of using contractors, the Authority will realize an annual savings of \$174,000.

**FINANCE DIVISION**

**DEPARTMENT: AVIATION & COMMERCIAL BUSINESS**

**NEW POSITION: Property Administrator**

The Aviation & Commercial Business Department serves as the Authority's representative in acquiring off-airport property rights from other parties and is responsible for developing and implementing real estate-related agreements and business opportunities, including those with air carriers; ground servicing companies; fixed base operators; other aviation-related businesses, concessionaires, advertising and car rental companies; government entities; and utility providers. The department's 22 staff members oversee the performance of over 100 concession operations at San Diego International Airport, including the recently executed terminal food and beverage concession leases covering 87 shops and restaurants, passenger service concessions (shoeshine stands, luggage cart rentals, terminal advertising contracts, currency exchange, etc.), and the development and oversight of new business opportunities. The new leases allow the Authority to control many areas of tenant performance not previously within the Authority's purview. This opportunity includes oversight of tenant pricing, product/menu offerings, product quality, inventory levels, product displays, unit cleanliness and maintenance, hours of operation, brand quality, standards of operation, staffing levels, customer service levels, weekly sales reporting and mystery shopper audits.

As implementation of the concession program has progressed, it has become evident that the time necessary to adequately manage tenant performance is greater than was anticipated in the conceptual FY 2014 budget. This is due to a significantly larger than anticipated workload related to worker retention and product quality and price assessments. Adding the requested position would allow the Authority to ensure a high level of tenant performance and compliance with lease obligations, thereby contributing to a higher level of customer satisfaction, which will have a direct impact on the financial performance of the program.

## **PLANNING & OPERATIONS DIVISION**

### **DEPARTMENT: LANDSIDE OPERATIONS**

**NEW POSITIONS:** Four (4) Limited Duration Airport Traffic Officers

The Authority's Airport Traffic Officers (ATOs) are currently within the Landside Operations Department. Once the Director of Ground Transportation is hired (expected in early summer), the ATO function will be combined with the Ground Transportation Department. The ATO function is managed by one manager and six supervisors who currently oversee 40 officers.

Several significant changes in front of the terminals and in the Authority's Ground Transportation program prompted the need for additional ATOs. The new second-level roadway opening this summer in front of Terminal 2 doubles the curbside of the terminal. Additionally, the terminal expansion extended the curbside immediately in front of the terminal by approximately 600 feet. Finally, the Authority has increased code compliance with the airport's commercial vehicle operators. These requested positions are listed as "Limited Duration" because staff is not yet certain of the Authority's long-term needs as a result of these changes. Staff will evaluate the operation of the new curbside and second-level roadway over the first six months of operation. Should it be determined that one or more of these positions need to be permanent, that request would be part of the next budget cycle. Conversely, should it be determined during the year that fewer Officers are needed, the number of Limited Duration Officers could be reduced. Due to the six-week training period required for ATOs, it is not feasible to use temporary staffing for these positions.

**DEPARTMENT: AIRSIDE OPERATIONS**

**NEW POSITION:** Airside Operations Assistant (**NOTE:** effective in FY 2015)  
(previously authorized and filled but currently unfunded)

The Airside Operations Department manages the operations and safety of the airfield at San Diego International Airport (SDIA). With a staff of nine Duty Managers, two Airside Operations Assistants and one Manager, a twenty-four hour operation is maintained. With the opening of ten new gates, ten new remain overnight aircraft parking positions and supervision of the new ramp control facility, Airside Operations Duty Managers (AODMs) will spend significantly more time on the airfield and in the terminals.

Currently, there are two Airside Operations Assistants (AOAs). The requested additional position is the third AOA, which is authorized but was unfunded in FY 2013 and FY 2014. As noted above, this position is requested to be filled in FY 2015. By filling this position, the Airside Operations Department will return to pre-2009 staffing levels to ensure that three Airside Operations staff are on duty from 4:00 a.m. until 10:00 p.m. daily. The AOA provides communications, operational and administrative support to the AODMs by receiving, evaluating and transmitting both routine and emergency problems and conditions for landside and airside operations; coordinates dispatch activities of airport emergency departments with federal, state and local agencies; and, provides coordination support for AODMs.

**DEPARTMENT: GROUND TRANSPORTATION**

**NEW POSITION:** Ground Transportation Manager – Operations

In an effort to improve management oversight, leadership and strategic direction for the employees in Ground Transportation and the 1,700 external stakeholders that provide ground transportation services at SDIA, a new manager is being requested. The previous Manager position was reclassified during FY13 to create a Director position.

There are currently five staff in the Ground Transportation Department: one vacant Director position (which was created from a vacant manager position and is expected to be filled in the early summer); one Ground Transportation Specialist; and three Administrative Assistants (one vacant). Once the Director position is filled, the Authority's Airport Traffic Officer (ATO) function, which currently resides in Landside Operations, will be combined with the Ground Transportation Department.

The proposed position will support the newly created Director, Ground Transportation, in managing the daily ground transportation functions for San Diego International Airport. The airport has over 6,000 parking stalls, annual parking revenues exceeding \$32 million, a commercial ground transportation fleet exceeding 1,700 vehicles, and an airport shuttle fleet of 29. This person will manage the day-to-day operations of the parking, commercial ground transportation and shuttle operations. Four staff will report to this position.

**DEPARTMENT: ENVIRONMENTAL AFFAIRS**

**NEW POSITION: Associate Environmental Specialist**

The Environmental Affairs Department currently has a staff of five professionals. They manage compliance with over 50 local, State and Federal laws and regulations, 15 outfalls to San Diego Bay, the Authority's California Least Tern habitat and all industrial hygiene, air quality assessments, refuse and hazardous waste disposal and tenant training.

The requested position is necessary due to the expanded facilities, complexity of facility inspections (changing with the new Municipal and Industrial Stormwater Permits) and increased stormwater monitoring (one additional outfall and additional monitoring requirements). The new Industrial Stormwater Permit will, for the first time, adopt "Numeric Action Levels" (NALs). The NALs are used as a means of assessing a facility's performance as opposed to assessing strict permit compliance. An NAL exceedence is a general indication that pollutant control measures are not working correctly. The new Permit requires corrective action plans when NALs are exceeded. The NALs are based on the U.S. Environmental Protection Agency's (USEPA) rather conservative aquatic life criteria. Because staff has informally assessed the performance of the Airport's stormwater management program over time using the USEPA benchmarks, staff expects that the Airport will exceed the new Permit's NALs periodically. As such, staff will be required to develop new action plans and to conduct follow-on training. Finally, recent new Coastal Development Permit obligations require additional reporting for the Airport annual stormwater program evaluation.

**EXECUTIVE DIVISION**

**DEPARTMENT: CHIEF AUDITOR**

**NEW POSITION: Auditor**

**NOTE:** This position request was presented to the Audit Committee on May 13, 2013. The committee voted 4-1 to recommend that the position be included in the FY 2014 and Conceptual FY 2015 budgets.

The Office of the Chief Auditor (OCA) conducts performance, financial and contract audits of departments, offices, activities, contractors and sub-contractors of the Authority. An Audit Plan is provided to the Audit Committee and the Board of Directors for approval on an annual basis detailing the audit work that will be performed by the OCA. The audit areas included on the audit plan include hours directed at the review of Authority business processes, expense contracts, revenue generating contracts, annual audits required by Board policy and/or regulatory requirements, construction activities, and ethics inquiries. The OCA has seven employees consisting of a Chief Auditor, Audit Manager, Executive Assistant, and four Auditor positions.

Until recently, Host International Inc. (Host) was the sole food, beverage and retail concessionaire at San Diego International Airport. The audit of Host was conducted every two years, and the OCA scheduled audit resources of 300 hours. Sixteen new food concessionaire leases are going into effect in 2013. Each of these concession leases will require auditing every two years with 250 estimated hours for each audit. The result is an additional 1,850 annual audit hours required by OCA staff. Following is the annual hour calculation:

**Annual Audit Requirement Calculation**

|                                     |              |
|-------------------------------------|--------------|
| Additional Audit Units              | 16           |
| Required Hours Per Audit            | <u>250</u>   |
| Total Hours Required                | 4,000        |
| Bi-Annual Host Hours                | <u>(300)</u> |
| 2-year Audit Hours Required         | <u>3,700</u> |
| Annual Hours Required               | <u>1,850</u> |
| Audit Time Available from 1 Auditor | <u>1,664</u> |

The OCA is requesting an addition of one Auditor position to meet the demand resulting from the addition of the 16 new concessionaires. Audits of these concessionaires are necessary in order to ensure that the amount of revenue collected by the Authority from the concessionaires is reflective of the actual revenue due under the concession leases, and to ensure that the concessionaires are complying with contract terms.

