

SAN DIEGO COUNTY REGIONAL AIRPORT AUTHORITY

Board Members

C. April Boling
Chairman

Greg Cox
Jim Desmond
Robert H. Gleason
Jim Janney
Mark Kersey
Paul Robinson
Michael Schumacher
Mary Sessom

SPECIAL BOARD AGENDA

Thursday, May 18, 2017
9:00 A.M.

San Diego International Airport
SDCRAA Administration Building – Third Floor
Board Room
3225 N. Harbor Drive
San Diego, California 92101

Ex-Officio Board Members

Laurie Berman
Eraina Ortega
Col. Jason Woodworth

President / CEO

Kimberly J. Becker

***Live webcasts of Authority Board meetings can be accessed at
<http://www.san.org/Airport-Authority/Meetings-Agendas/Authority-Board>***

This Agenda contains a brief general description of each item to be considered. The indication of a recommended action does not indicate what action (if any) may be taken. ***Please note that agenda items may be taken out of order.*** If comments are made to the Board without prior notice or are not listed on the Agenda, no specific answers or responses should be expected at this meeting pursuant to State law.

Staff Reports and documentation relating to each item of business on the Agenda are on file in Corporate & Information Governance and are available for public inspection.

NOTE: Pursuant to Authority Code Section 2.15, all Lobbyists shall register as an Authority Lobbyist with the Authority Clerk within ten (10) days of qualifying as a lobbyist. A qualifying lobbyist is any individual who receives \$100 or more in any calendar month to lobby any Board Member or employee of the Authority for the purpose of influencing any action of the Authority. To obtain Lobbyist Registration Statement Forms, contact the Corporate & Information Governance/Authority Clerk Department.

PLEASE COMPLETE A "REQUEST TO SPEAK" FORM PRIOR TO THE COMMENCEMENT OF THE MEETING AND SUBMIT IT TO THE AUTHORITY CLERK. ***PLEASE REVIEW THE POLICY FOR PUBLIC PARTICIPATION IN BOARD AND BOARD COMMITTEE MEETINGS (PUBLIC COMMENT) LOCATED AT THE END OF THE AGENDA.***

The Authority has identified a local company to provide oral interpreter and translation services for public meetings. If you require oral interpreter or translation services, please telephone the Corporate & Information Governance /Authority Clerk Department with your request at (619) 400-2400 at least three (3) working days prior to the meeting.

CALL TO ORDER:

PLEDGE OF ALLEGIANCE:

ROLL CALL:

NON-AGENDA PUBLIC COMMENT:

Non-Agenda Public Comment is reserved for members of the public wishing to address the Board on matters for which another opportunity to speak **is not provided on the Agenda**, and which is within the jurisdiction of the Board. Please submit a completed speaker slip to the Authority Clerk. ***Each individual speaker is limited to three (3) minutes. Applicants, groups and jurisdictions referring items to the Board for action are limited to five (5) minutes.***

Note: Persons wishing to speak on specific items should reserve their comments until the specific item is taken up by the Board.

NEW BUSINESS:

1. DISCUSSION REGARDING THE SAN DIEGO COUNTY REGIONAL AIRPORT AUTHORITY FISCAL YEAR 2018 PROPOSED BUDGET AND FISCAL YEAR 2019 PROPOSED CONCEPTUAL BUDGET:

The Board is requested to discuss the proposed budgets.

RECOMMENDATION: Discuss the Fiscal Year 2017 Proposed Budget and Fiscal Year 2018 Proposed Conceptual Budget.

(Business & Financial Management: John Dillon, Director)

BOARD COMMENT:

ADJOURNMENT:

**Policy for Public Participation in Board, Airport Land Use Commission (ALUC),
and Committee Meetings (Public Comment)**

- 1) Persons wishing to address the Board, ALUC, and Committees shall complete a "Request to Speak" form prior to the initiation of the portion of the agenda containing the item to be addressed (e.g., Public Comment and General Items). Failure to complete a form shall not preclude testimony, if permission to address the Board is granted by the Chair.
- 2) The Public Comment Section at the beginning of the agenda is limited to eighteen (18) minutes and is reserved for persons wishing to address the Board, ALUC, and Committees on any matter for which another opportunity to speak is not provided on the Agenda, and on matters that are within the jurisdiction of the Board. A second Public Comment period is reserved for general public comment later in the meeting for those who could not be heard during the first Public Comment period.
- 3) Persons wishing to speak on specific items listed on the agenda will be afforded an opportunity to speak during the presentation of individual items. Persons wishing to speak on specific items should reserve their comments until the specific item is taken up by the Board, ALUC and Committees. Public comment on specific items is limited to twenty (20) minutes – ten (10) minutes for those in favor and ten (10) minutes for those in opposition of an item. Each individual speaker will be allowed three (3) minutes, and applicants and groups will be allowed five (5) minutes.
- 4) If many persons have indicated a desire to address the Board, ALUC and Committees on the same issue, then the Chair may suggest that these persons consolidate their respective testimonies. Testimony by members of the public on any item shall be limited to **three (3) minutes per individual speaker and five (5) minutes for applicants, groups and referring jurisdictions.**
- 5) Pursuant to Authority Policy 1.33 (8), recognized groups must register with the Authority Clerk prior to the meeting.
- 6) After a public hearing or the public comment portion of the meeting has been closed, no person shall address the Board, ALUC, and Committees without first obtaining permission to do so.

Additional Meeting Information

NOTE: This information is available in alternative formats upon request. To request an Agenda in an alternative format, or to request a sign language or oral interpreter, or an Assistive Listening Device (ALD) for the meeting, please telephone the Authority Clerk's Office at (619) 400-2400 at least three (3) working days prior to the meeting to ensure availability.

For your convenience, the agenda is also available to you on our website at www.san.org.

For those planning to attend the Board meeting, parking is available in the public parking lot located directly in front of the Administration Building. Bring your ticket to the third floor receptionist for validation.

You may also reach the Administration Building by using public transit via the San Diego Metropolitan Transit System, Route 992. The MTS bus stop at Terminal 1 is a very short walking distance from the Administration Building. ADA paratransit operations will continue to serve the Administration Building as required by Federal regulation. For MTS route, fare and paratransit information, please call the San Diego MTS at (619) 233-3004 or 511. For other Airport related ground transportation questions, please call (619) 400- 2685.

San Diego County Regional Airport Authority
FY 2018 Proposed Budget &
FY 2019 Proposed Conceptual Budget



SAN DIEGO
INTERNATIONAL AIRPORT

LET'S GO.

Budget Workshop

Presented by:

John Dillon

Director, Business & Financial Management

Agenda

1. Strategic Plan
2. Economic, Industry and Credit Overview
3. Budget Process
4. Budget Overview
 - Revenue
 - Expense
5. Capital Program Budget
6. Plan of Finance FY 2018-2022
7. Conclusion
8. Appendix
 - Expense Overview
 - Division Expense Budgets
 - Capital Program



Strategic Plan



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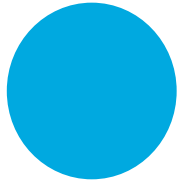


Future State

In 2022, our integrated leadership team has continued to evolve the Authority into a passenger-focused, business driven, community-centered enterprise. We have achieved our five-year strategic plan and are widely recognized for successfully managing our financial, social and environmental sustainability.



Strategic Goals



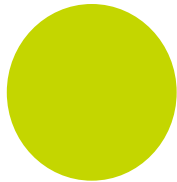
Community

Enhance community understanding of SAN as an economic engine and portal for prosperity.



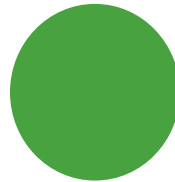
Financial

Execute a Plan of Finance that provides the financial resources necessary to achieve the FY 2022 Future State while maintaining the enterprise's strong financial position.



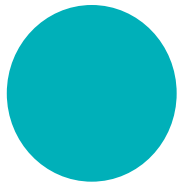
Customer

Exceed our customers' expectations by introducing innovative service and facility enhancements.



Operations

Grow and efficiently manage capacity for future demand, both landside and airside, including international facilities.



Employee

Develop leaders and a workforce aligned to the needs of our Strategic Plan and an inclusive environment that reflects the diversity of our community.



Economic, Industry and Credit Overview



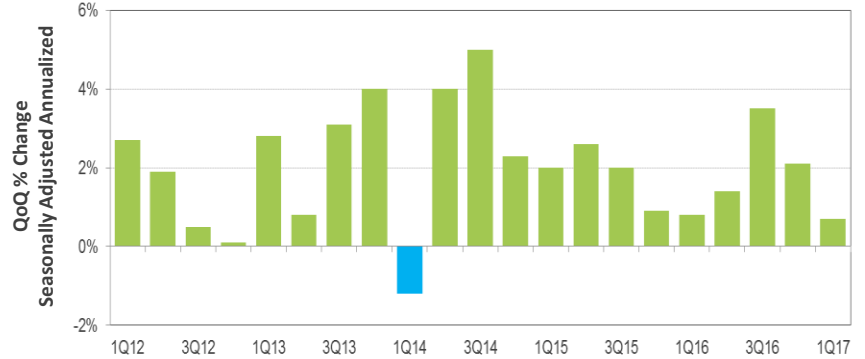
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US Economy Growth

- Main economic indicators all showed growth:
 - 1st Quarter of 2017 U.S. GDP increased 0.7% QoQ
 - As of April 2017, current U.S. unemployment declined from 4.5% to 4.4% and San Diego unemployment is at 4.2%
- YTD 2017 equity markets are up:
 - DJIA: 3.25%
 - S&P 500: 4.44%

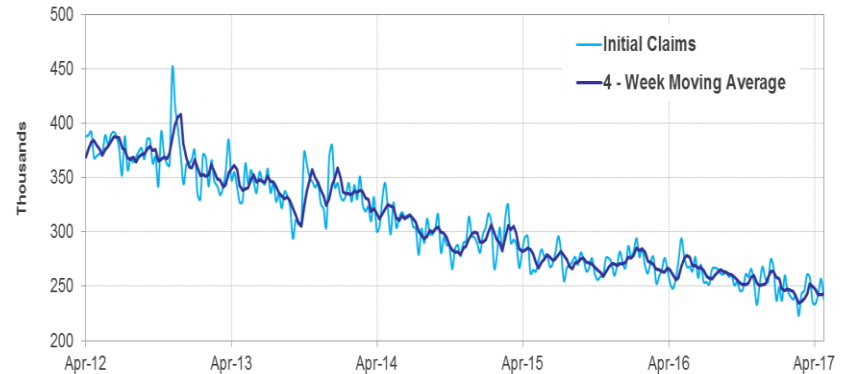
U.S. Gross Domestic Product



Dow Jones Industrial Avg. and S&P 500 Indices



U.S. Unemployment Rates



Oil Prices & Interest Rates

Remain Low

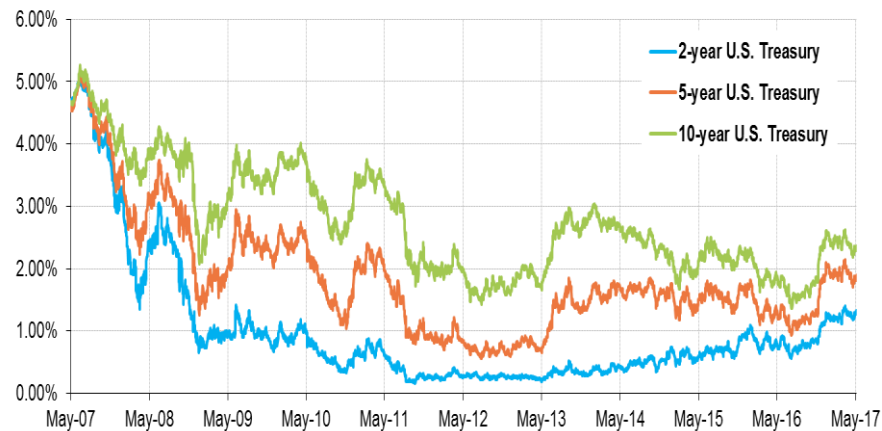
- Current oil price trades in the \$49+/- range (i.e., the middle of its 52-week range of \$34 - \$54)
- 30-year U.S. Treasury Rate increased 5 bps in 2016
- 30-year U.S. Treasury Rate (YTD) the rate has decreased 19 bps (as of May 5, 2017)

WTI Crude Oil Price (Per Barrel)



* Sources - Oil: U.S. Energy Information Administration (EIA)

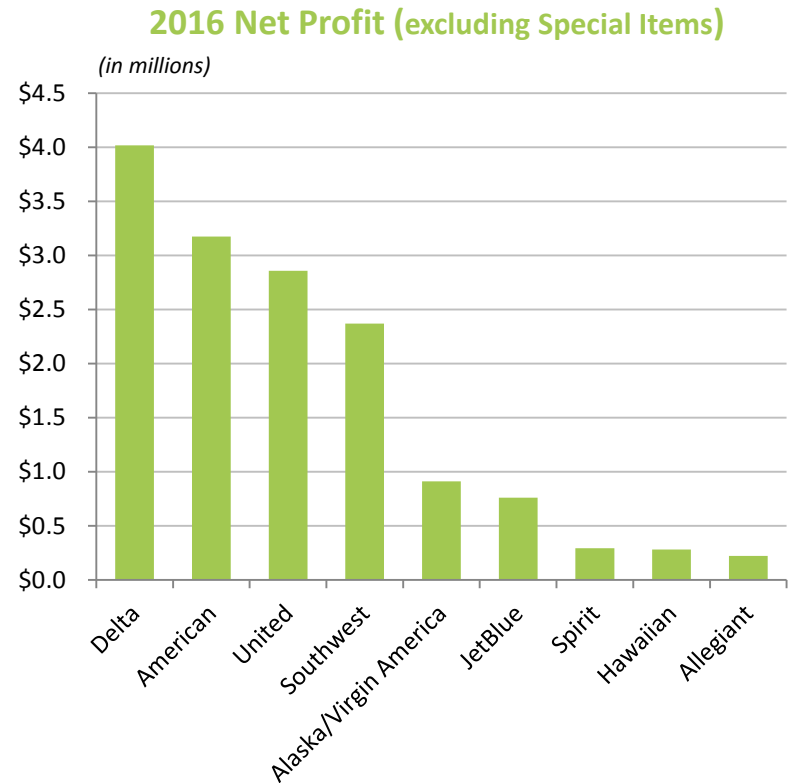
U.S. Treasury Yields



* Sources - U.S. Department of Treasury

Airline Industry Overview

- All major US airlines recorded a profit in 2016, but the industry was slightly less profitable than in 2015 as fuel prices rose slightly
- After years of industry capacity discipline, “Big 3” airlines (American, Delta, and United) are expanding domestic capacity through aircraft up gauging and introduction of “Basic Economy” products to compete with ultra-low cost carriers such as Spirit and Allegiant
- Largest variables affecting airline profitability in 2017 include
 - 1) Ability to continue capacity discipline among the “Big 3” airlines as merger-related adjustments are completed
 - 2) Potential changes in economic and other policies from the new presidential administration, which would have the greatest effect on international air travel:
 - Economic and trade policies
 - Increased visa restrictions
 - New aviation security measures
 - Geopolitical disruptions



Source: Airline Financial Reports

Moody's U.S. Airports 2017 Outlook Remains Positive

Key drivers:

- Expected enplanement growth of 2.5 percent
- Higher enplanements translate to higher parking and concession revenues
- Continued U.S. economic expansion of 2.2 percent
- Airlines expected to expand their seat capacity 2 – 3.5 percent

SDCRAA Strong Credit

- Fitch affirms A+ Senior and A Subordinate ratings with a positive outlook
- Moody's affirms A1 Senior and A2 Subordinate ratings with a positive outlook
- Moody's affirms A3 rating with stable outlook on special facility bonds
- S&P affirms A+ and A Subordinate ratings with a stable outlook
- S&P affirms A- rating for special facility bonds with a stable outlook

Key Rating Rationale:

- Strong Service Area: The airport's strong enplanement base is serviced by a diverse group of airlines and benefits San Diego county's service area.
- Favorable Hybrid Airline Agreement: The airport has a hybrid use and lease agreement.
- Conservative Fixed Rate Debt Profile
- Strong Debt Service Coverage and liquidity ratios

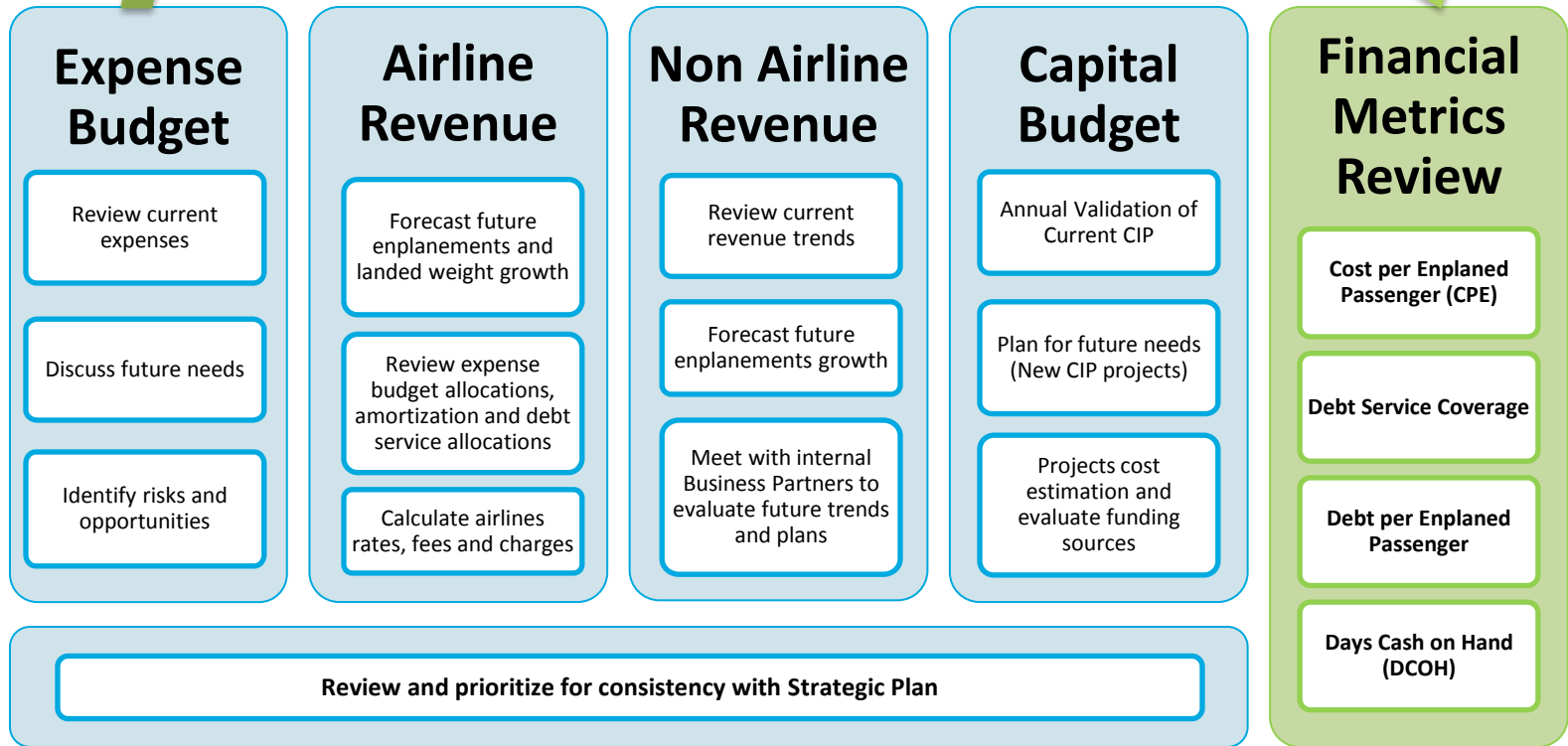
Budget Process



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Budget Process





Budget Overview





Revenue Budget Overview



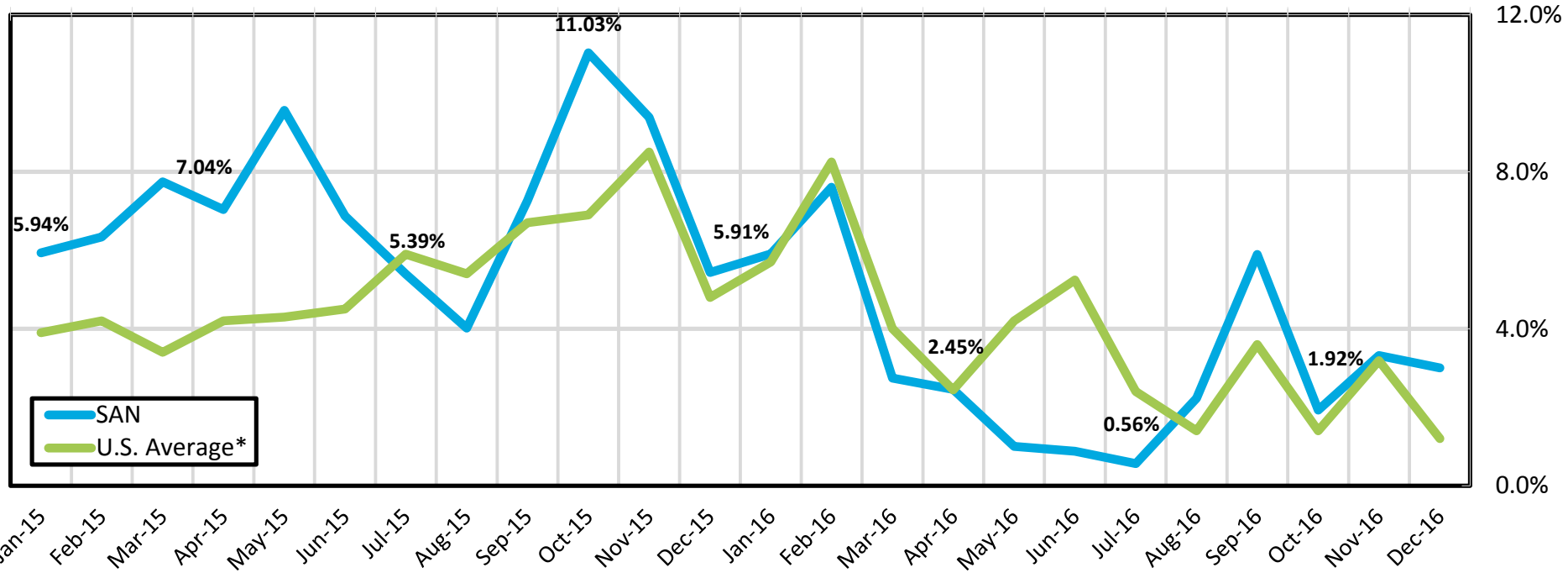
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SDIA Passenger Traffic Growth Trend

SDIA Traffic growth has moderated after a strong 2015.

TOTAL EPAX - % CHANGE YEAR OVER YEAR

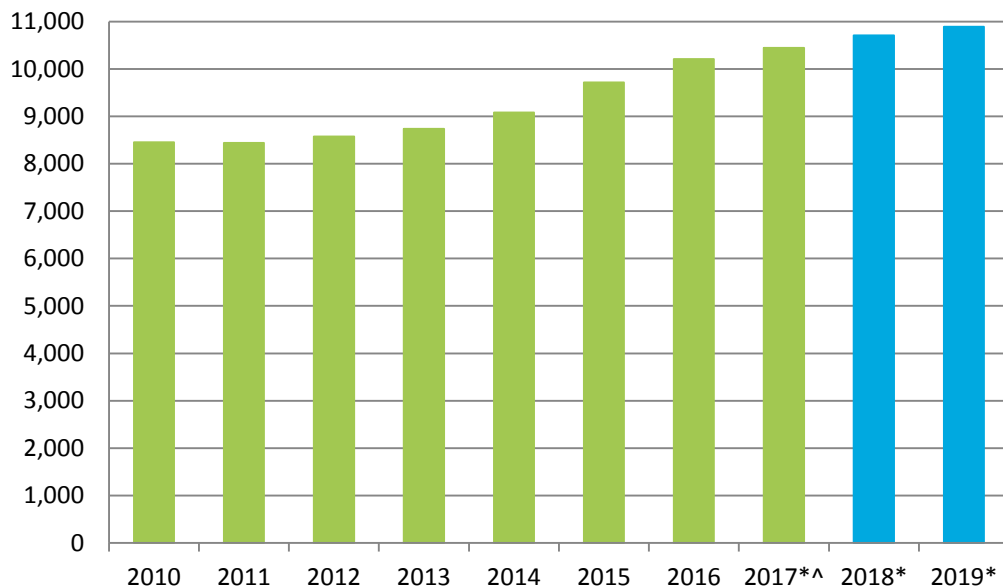


* U.S. Average is based on T-100 Market Reporting Data from the DOT Bureau of Transportation Statistics.

Annual Enplaned Passenger Traffic

- FY 2018 Proposed Budget of 10.7M, 2.5% increase vs. FY 2017 Forecast of 10.4M
- FY 2019 Proposed Conceptual Budget of 10.9M, 1.7% increase vs. FY 2018 Budget of 10.7M

(in thousands)



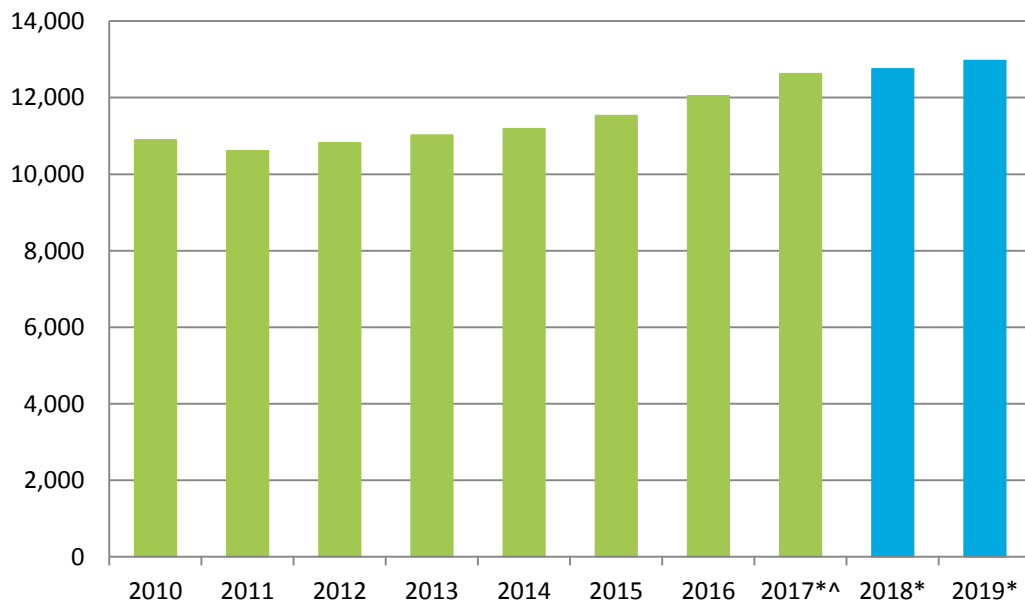
Fiscal Year	Enplaned Passengers	% Change
2010	8,454	-1.0%
2011	8,441	-0.2%
2012	8,575	1.6%
2013	8,738	1.9%
2014	9,082	3.9%
2015	9,713	6.9%
2016	10,206	5.1%
2017*^	10,446	2.3%
2018*	10,707	2.5%
2019*	10,889	1.7%

^ FY 2017 Forecast is 1.6% lower than FY 2017 Budget

Landed Weight

- FY 2018 Proposed Budget of 12.8M, 1.0% increase vs. FY 2017 Forecast of 12.6M
- FY 2019 Proposed Conceptual Budget of 13.0M, 1.7% increase vs. FY 2018 Budget of 12.8M

(in millions)



Fiscal Year	Million lbs	% Change
2010	10,893	-5.3%
2011	10,606	-2.6%
2012	10,820	2.0%
2013	11,016	1.8%
2014	11,187	1.6%
2015	11,524	3.0%
2016	12,048	4.6%
2017*^	12,623	4.8%
2018*	12,749	1.0%
2019*	12,966	1.7%

^ FY 2017 Forecast is 4.3% higher than Budget

FY 2018 – FY 2019 Revenue Budget Summary

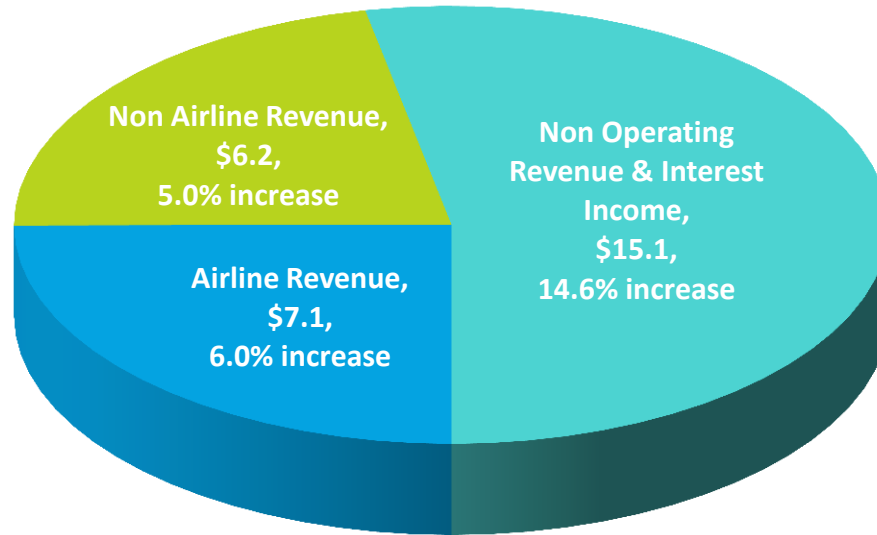
	FY 2016 Actuals	FY 2017 Budget	FY 2018 Budget	Inc / (Dec) FY 18 vs FY 17 Budget	% Change	FY 2019 Conceptual Budget	Inc / (Dec) FY 19 Conceptual vs FY 18 Budget	% Change
Operating Revenue:								
Airline Revenue								
Landing Fees	\$ 23,984,793	\$ 26,620,940	\$ 27,712,653	\$ 1,091,712	4.1%	\$ 31,463,972	\$ 3,751,319	13.5%
Aircraft Parking Fees	2,701,219	2,907,647	3,019,412	111,765	3.8%	3,421,863	402,451	13.3%
Building Rentals	53,536,280	54,924,548	59,007,990	4,083,442	7.4%	65,470,144	6,462,154	11.0%
Common Use System Support Charges	1,152,458	1,245,131	1,401,408	156,277	12.6%	1,506,613	105,205	7.5%
Other Aviation Revenue	1,607,391	1,619,773	195,498	(1,424,275)	-87.9%	199,408	3,910	2.0%
Security Surcharge	29,223,097	29,857,549	32,915,963	3,058,414	10.2%	34,444,277	1,528,314	4.6%
Total Airline Revenue	112,205,238	117,175,589	124,252,924	7,077,335	6.0%	136,506,276	12,253,353	9.9%
Non-Airline Revenue								
Terminal rent non-Airline	1,031,891	1,241,740	1,584,928	343,188	27.6%	1,604,432	19,504	1.2%
Terminal concessions	24,017,969	23,856,777	25,702,218	1,845,441	7.7%	26,430,755	728,537	2.8%
Rental Car License Fees	27,815,816	28,683,541	30,081,562	1,398,021	4.9%	30,196,721	115,158	0.4%
License Fees Other	4,440,557	4,339,300	4,785,748	446,448	10.3%	4,867,009	81,260	1.7%
Parking Revenue	42,872,849	40,577,290	40,600,661	23,371	0.1%	47,330,832	6,730,171	16.6%
Ground Transportation Permits and Citations	5,232,794	6,242,148	7,376,756	1,134,608	18.2%	10,308,707	2,931,951	39.7%
Ground Rentals	15,193,757	18,582,841	19,805,203	1,222,361	6.6%	19,711,964	(93,238)	-0.5%
Grant Reimbursements	292,730	219,900	-	(219,900)	-100.0%	-	-	0.0%
Other Operating Revenue *	890,456	752,288	773,469	21,182	2.8%	773,469	-	0.0%
Total Non-Airline Revenue	121,788,819	124,495,825	130,710,546	6,214,721	5.0%	141,223,889	10,513,344	8.0%
Total Operating Revenue	233,994,057	241,671,414	254,963,470	13,292,056	5.5%	277,730,166	22,766,696	8.9%
Interest Income	5,998,970	6,535,556	8,782,637	2,247,081	34.4%	9,991,272	1,208,635	13.8%
Non-Operating Revenue								
Passenger facility charges	40,257,993	41,924,100	42,304,130	380,030	0.9%	43,022,439	718,309	1.7%
Customer facility charges (Rental Car Center)	33,207,946	37,286,862	40,008,566	2,721,703	7.3%	40,689,655	681,089	1.7%
Quieter Home Program	8,573,133	11,627,849	10,992,000	(635,849)	-5.5%	10,992,000	-	0.0%
BAB Interest Rebate	4,656,199	4,631,219	4,656,199	-	0.0%	4,631,219	(24,980)	-0.5%
Capital grant contributions	10,477,054	1,350,000	11,700,000	10,350,000	766.7%	13,296,250	1,596,250	13.6%
Other Nonoperating Revenue	2,625,002	-	-	-	0.0%	-	-	0.0%
Total Non-Operating Revenue	99,797,326	96,820,030	109,660,894	12,840,864	13.3%	112,631,563	2,970,669	2.7%
Total Revenue	\$ 339,790,353	\$ 345,027,000	\$ 373,407,000	\$ 28,380,000	8.2%	\$ 400,353,000	\$ 26,946,000	7.2%

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

FY 2018 Budget Revenue Increase vs. FY 2017 Budget

\$28.4M (8.2%)

(in millions)



FY 2018 Airline Revenue Increase

\$7.1M (6.0%)

Net increase in airline revenue primarily reflects:

- Increase of \$1.1M in landing fees reflecting an increase in airfield maintenance (oval painting) and an increase in amortization for cash-funded airfield projects
- Increase of \$4.1M in building rentals reflecting, increase in terminal maintenance and an increase in amortization for cash-funded terminal projects
- Decrease of \$1.4M in other aviation revenue reflecting a completion of fuel farm cost recovery
- Increase of \$3.1M in security surcharge reflecting an increase in Harbor Police cost, contract security services and an increase in security checkpoints rent due to higher terminal rate

FY 2018 Non Airline Revenue Increase

\$6.2M (5.0%)

Net increase in non-airline revenue primarily reflects:

- Increase of \$1.8M in concession revenue due to higher enplanements and higher Sales per Enplaned Passenger (SEP)
- Increase of \$1.4M in rental car license fees revenue due to higher enplanements and SEP
- Increase of \$1.1M in ground transportation permits and citations revenue due to increased Transportation Network Companies (TNCs) trips
- Increase of \$1.2M in ground rents revenue primarily due to fuel farm rent increase

FY 2018 Interest Income & Non-Operating Revenue Increase

\$15.1M (14.6%)

Interest income increase of \$2.2M due to increase in interest rates and cash balances

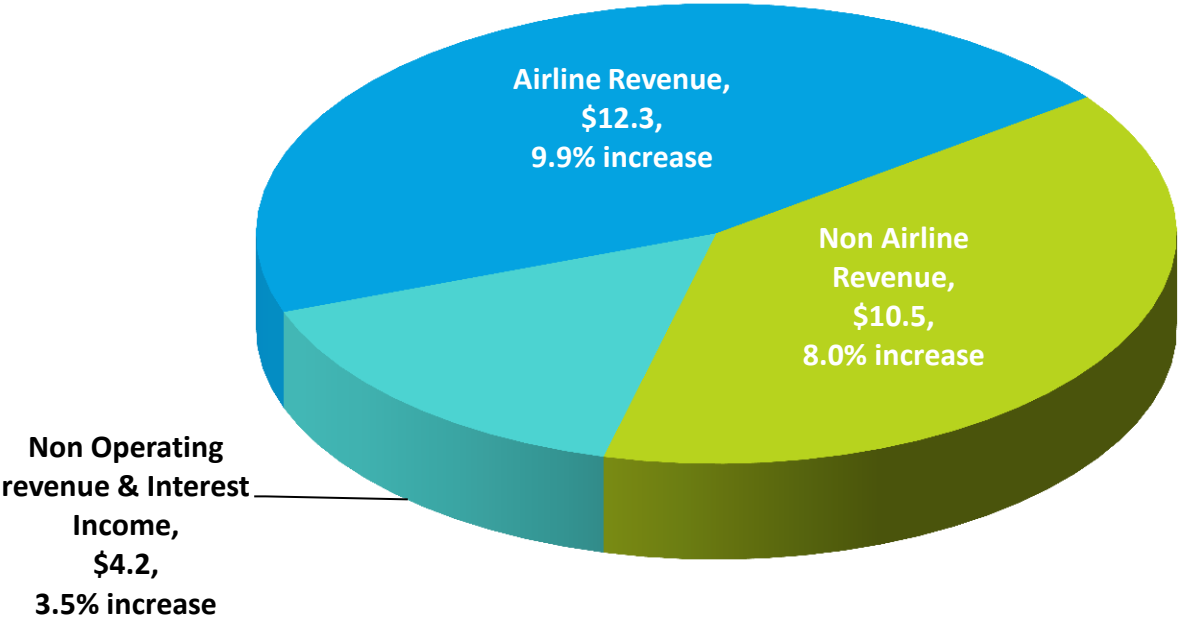
Net increase in non-operating revenue primarily reflects:

- Increase of \$0.4M in Passenger Facility Charges (PFCs) due to higher enplanements
- Increase of \$2.7M in Customer Facility Charges (CFCs) primarily due to full year of CFC rate at \$9.00 offset by a decrease in passengers renting cars due to an increased use of TNC trips
- Increase of \$10.4M in capital grant contributions due to progress of grant eligible projects – rehabilitation of Runway 9-27 pavement, cross taxiways and replacement of baggage screening equipment

FY 2019 Budget Revenue Increase vs. FY 2018 Budget

\$26.9M (7.2%)

(in millions)



FY 2019 Airline Revenue Increase

\$12.3M (9.9%)

Net increase in airline revenue primarily reflects:

- Increase of \$3.8M in landing fees reflecting increase in amortization for cash-funded airfield projects and increase in debt service
- Increase of \$6.5M in building rentals due to increase in utilities cost, increase in amortization for cash-funded terminal projects and increase in debt service
- Increase of \$1.5M in security surcharge reflecting increase in Harbor Police cost

FY 2019 Non-Airline Revenue Increase

\$10.5M (8.0%)

Net increase in non-airline revenue primarily reflects:

- Increase of \$0.7M in concession revenue due to higher enplanements and an increase in SEP
- Increase of \$6.7M in parking revenue due to the opening of the Parking Plaza offset by a decrease in Harbor Dr. parking lot revenue due to the construction of new capital improvement projects
- Increase of \$2.9M in ground transportation due to an increase in revenue from TNC trips

FY 2019 Interest Income & Non-Operating Revenue Increase

\$4.2M (3.5%)

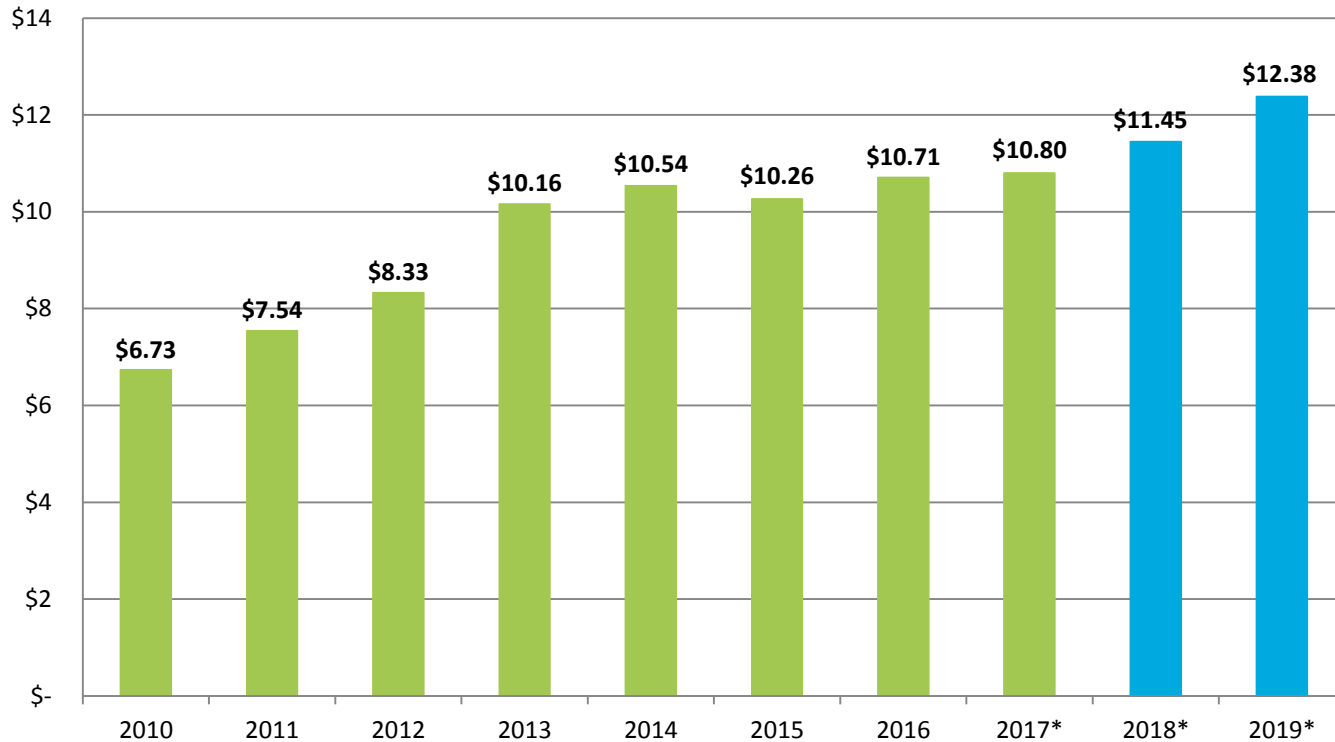
Interest income increase of \$1.2M due to increase in interest rates and cash balances

Net increase in non-operating revenue primarily reflects:

- Increase of \$0.7M in PFCs due to higher enplanements
- Increase of \$0.7M in CFCs primarily due to higher enplanements
- Increase of \$1.6M in capital grant contributions due to grant eligible projects and additional grant eligible project – rehabilitation of Terminal 2 apron

Airline Cost Per Enplaned Passenger

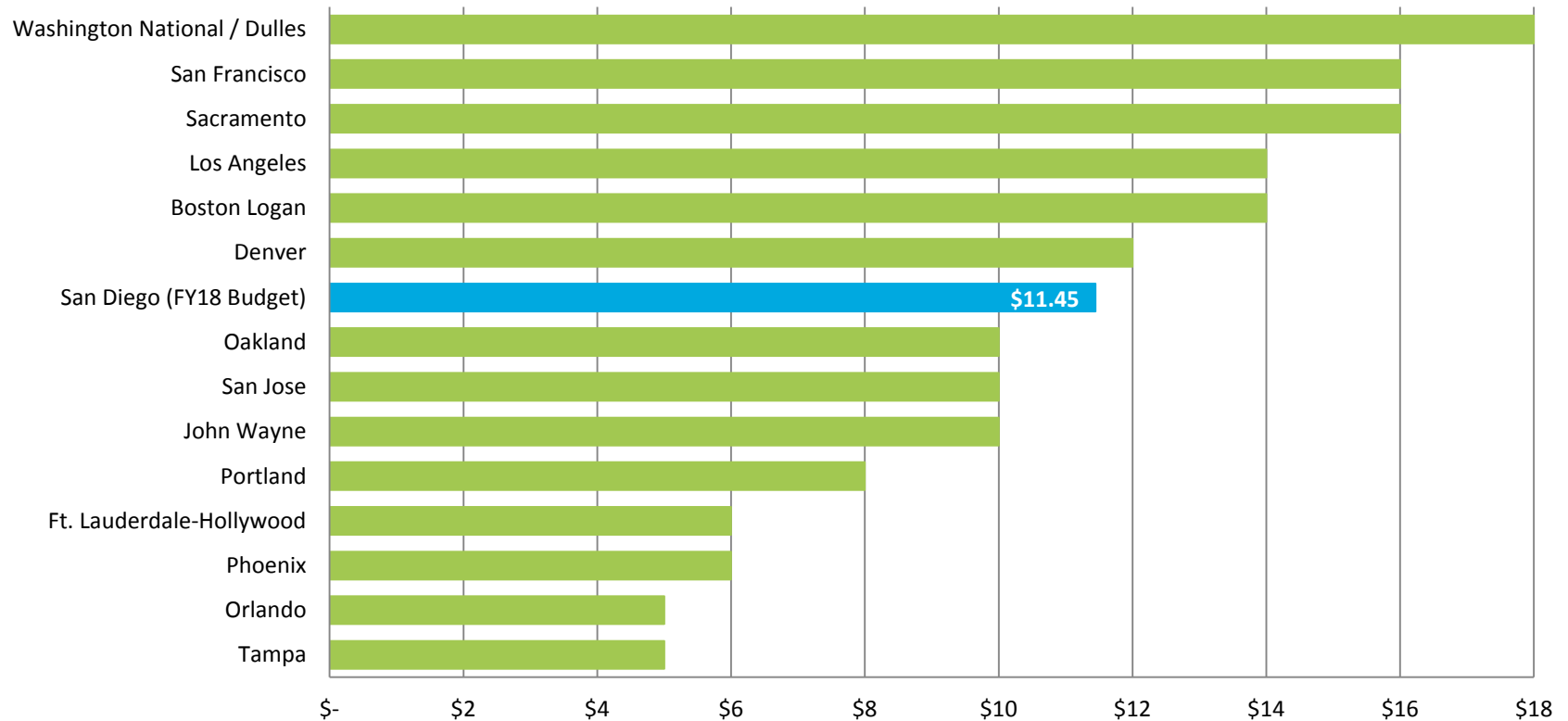
Airline derived cost per enplaned passenger includes landing fees, aircraft parking fees, terminal rents, Common Use System Support charges and security surcharge



* Projected FY 2017, Budgeted FY 2018 & FY 2019

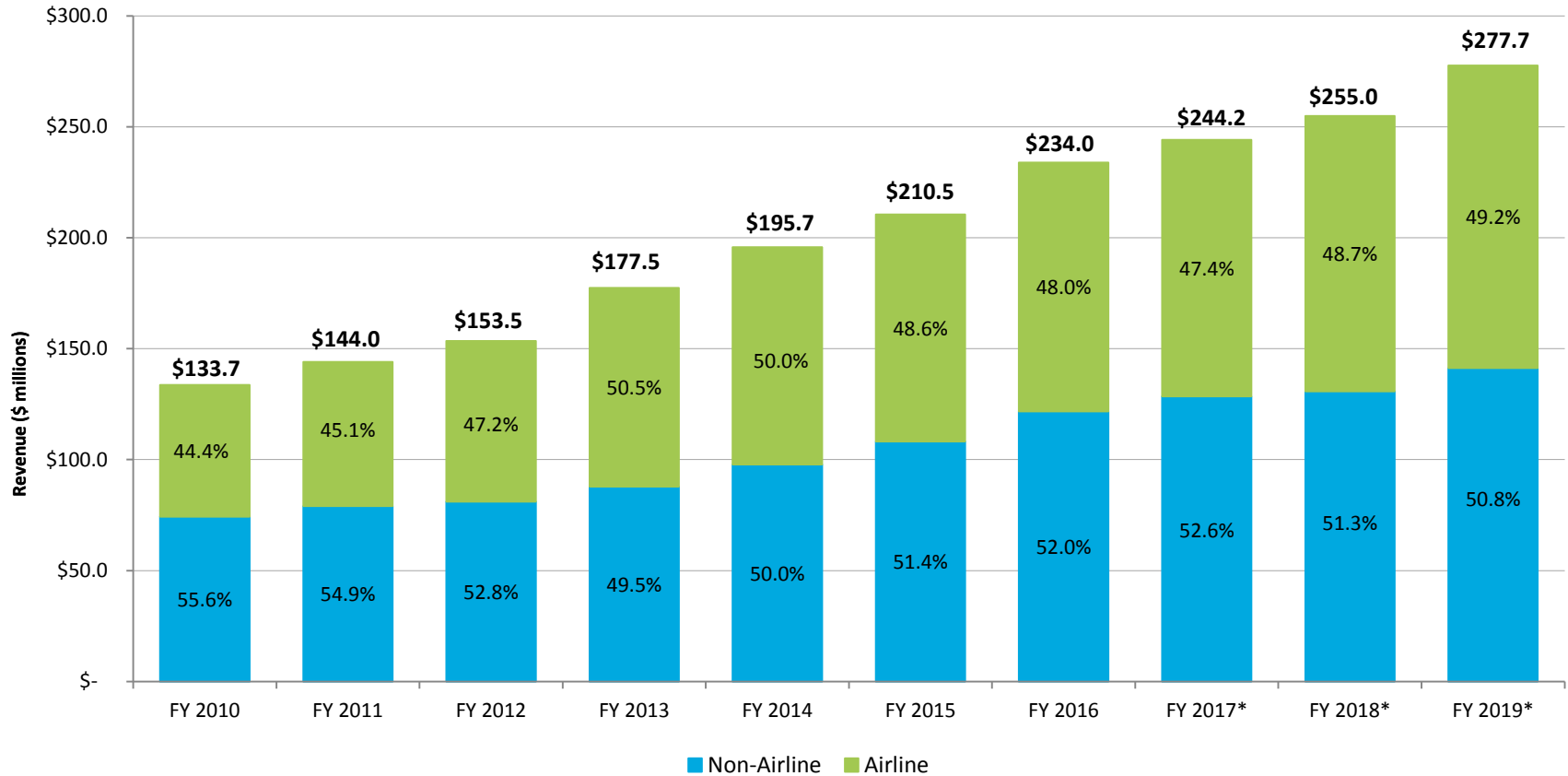
Airline Cost Per Enplaned Passenger

by Select Airports



Median (\$10.00) for the above selected Moody's rated airports

Operating Revenue FY 2010 – FY 2019



Expense Budget Overview



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Personnel Considerations



Productivity and Efficiency

- **Workforce Planning**
- **Justify all positions prior to (re)filling/new additions:**
 - Costs/risks associated with elimination
 - Savings/revenues to fund the position
 - Alternatives to permanent staffing model
 - Realign/restructure responsibilities
- **Executive team review and prioritization**



Benefits

- **Employee Benefits Task Force**
 - Plan options
 - Plan design
 - Alternative models
- **Sustain below market average expense growth rate**
- **Incentivize employees to manage wellness through cost share model**

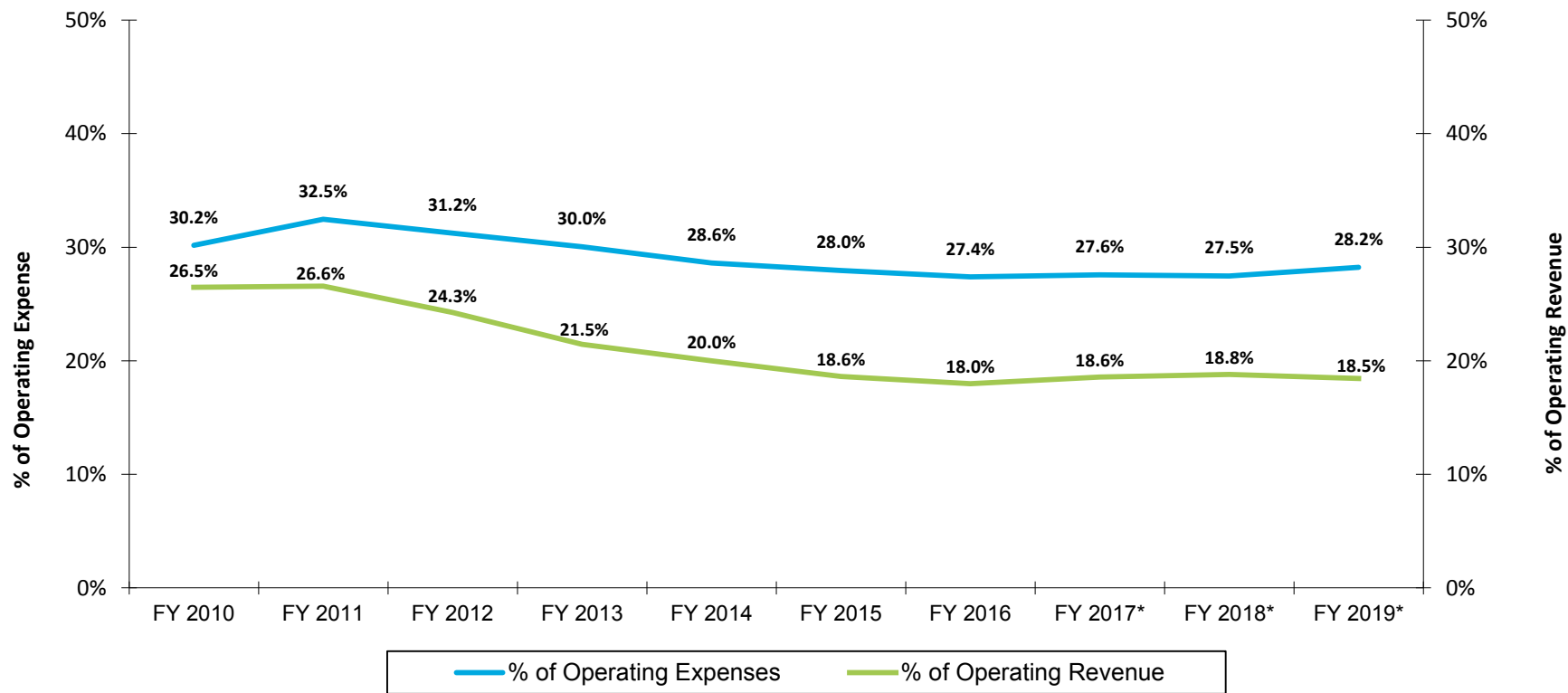


Retention

- **Labor Market- San Diego** unemployment at 4.2%, lowest in a decade and well below national 4.8%
- **ACI-NA Salary Survey** reports 3.4% increase in median base wage of airport industry employees
- **World at Work reports** 3.5% increase in base wages in 2016 for Western U.S. employers
- **Airport Authority voluntary turnover** doubles since 2012

Personnel Costs as % Operating Expense / Revenue

FY 2010 – FY 2019



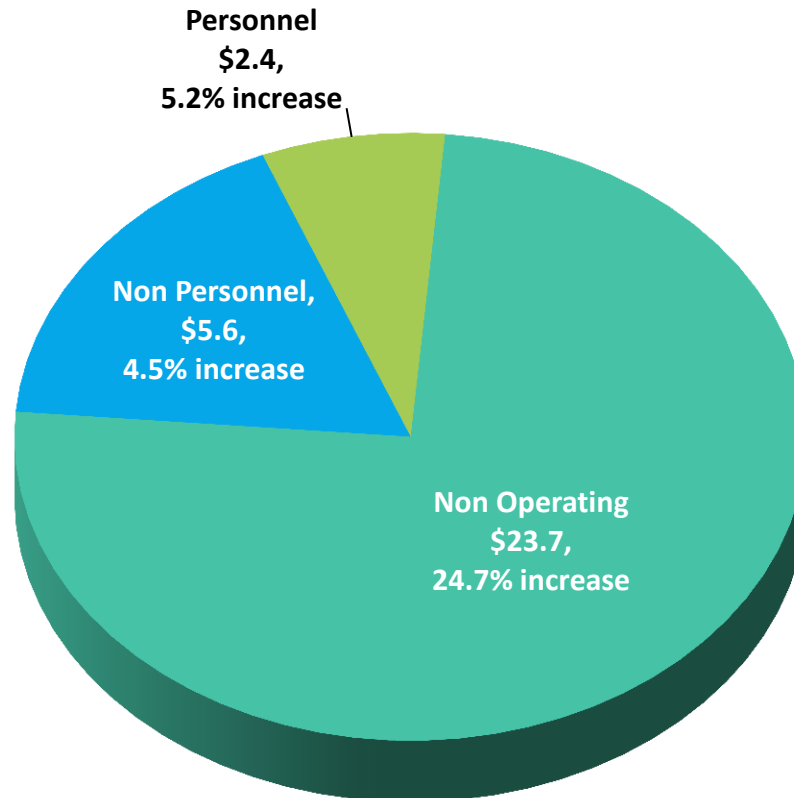
FY 2018 – FY 2019 Budget Expense Summary

	FY 2016 Actuals	FY 2017 Budget	FY 2018 Proposed Budget	Inc / (Dec) FY 18 Proposed vs FY 17 Budget	% Change	FY 2019 Proposed Conceptual Budget	Inc / (Dec) FY 19 Conceptual vs FY 18 Budget	% Change
Operating Expenses:								
Personnel Expenses								
Salaries and Wages	\$ 33,500,026	\$ 35,094,014	\$ 36,215,159	\$ 1,121,145	3.2%	\$ 37,976,184	\$ 1,761,025	4.9%
Premium Overtime	700,683	664,500	749,000	84,500	12.7%	749,000	-	0.0%
Employee Benefits	13,814,362	16,293,173	17,974,766	1,681,593	10.3%	20,159,831	2,185,064	12.2%
Subtotal	48,015,071	52,051,687	54,938,926	2,887,238	5.5%	58,885,015	3,946,089	7.2%
Less: Capitalized Labor	(5,207,056)	(5,833,173)	(6,301,674)	(468,501)	8.0%	(6,873,129)	(571,455)	9.1%
Less: QHP - Labor/Burden/Labor Overhead	(740,644)	(662,631)	(717,096)	(54,465)	8.2%	(769,358)	(52,262)	7.3%
Total Personnel Expenses	42,067,370	45,555,883	47,920,156	2,364,273	5.2%	51,242,528	3,322,372	6.9%
Non-Personnel Expenses								
Contractual Services	38,211,379	44,698,463	46,993,765	2,295,301	5.1%	48,769,196	1,775,431	3.8%
Safety and Security	28,721,250	29,061,387	31,064,556	2,003,169	6.9%	32,964,718	1,900,162	6.1%
Space Rental	10,367,148	10,191,450	10,190,750	(700)	0.0%	10,190,750	-	0.0%
Utilities	11,479,888	12,903,213	12,250,493	(652,721)	-5.1%	12,933,070	682,577	5.6%
Maintenance	14,121,740	14,665,767	15,352,342	686,575	4.7%	15,315,254	(37,088)	-0.2%
Operating Equipment & Systems	714,490	365,314	368,378	3,064	0.8%	362,460	(5,918)	-1.6%
Operating Supplies	529,486	446,912	474,589	27,678	6.2%	465,934	(8,655)	-1.8%
Insurance	949,491	1,012,758	1,202,600	189,842	18.7%	1,342,020	139,420	11.6%
Employee Programs	1,242,212	1,328,398	1,317,630	(10,769)	-0.8%	1,195,381	(122,249)	-9.3%
Business Development	2,391,259	2,564,368	3,744,934	1,180,566	46.0%	3,128,614	(616,320)	-16.5%
Equipment Rentals & Repairs	2,120,088	2,727,672	2,666,170	(61,502)	-2.3%	2,765,776	99,607	3.7%
Tenant Improvements	739,621	900,000	860,000	(40,000)	-4.4%	860,000	-	0.0%
Total Non-Personnel Expenses	111,588,053	120,865,702	126,486,206	5,620,504	4.7%	130,293,173	3,806,967	3.0%
Total Operating Expenses	153,655,423	166,421,585	174,406,362	7,984,777	4.8%	181,535,701	7,129,339	4.1%
Non-Operating Expenses:								
Joint Studies/Sound Attenuation	12,372,101	14,834,811	14,640,000	(194,811)	-1.3%	14,640,000	-	0.0%
Debt Service	67,827,864	80,841,954	104,691,638	23,849,684	29.5%	109,682,299	4,990,661	4.8%
Legal Settlements Expense	374,632	10,000	10,000	-	0.0%	10,000	-	0.0%
Total Non-Operating Expenses	80,578,598	95,686,765	119,341,638	23,654,873	24.7%	124,332,299	4,990,661	4.2%
Total Expenses	234,234,021	262,108,350	293,748,000	31,639,650	12.1%	305,868,000	12,120,000	4.1%
Equipment Outlay	2,195,629	1,525,650	1,457,000	(68,650)	-4.5%	1,367,000	(90,000)	-6.2%
Total Authority Expenses incl Equip Outlay	\$ 236,429,650	\$ 263,634,000	\$ 295,205,000	\$ 31,571,000	12.0%	\$ 307,235,000	\$ 12,030,000	4.1%

FY 2018 Budget Expense Increase vs. FY 2017 Budget

\$31.6M (12.0%)

(in millions)



FY 2018 Proposed Personnel Summary

by Division

	FY 2017 Budget	FY 2018 Budget	Total Variance
Operations	195	201	6
Development	82	82	0
Finance & Asset Management	83	85*	2
Executive	70	69*	-1
TOTAL POSITIONS	430	437	7

* 1 position transferred from Executive Division to Finance & Asset Management Division

FY 2018 Proposed Head Count Changes

<u>Division</u>	<u>Department</u>	<u>Proposed New Positions</u>
Operations	Terminals & Tenants	Terminal Operations Coordinator-Limited (FIS)
Operations	Terminals & Tenants	Terminal Operations Coordinator-Limited (FIS)
Operations	Facilities Management	Energy Manager
Operations	Facilities Management	Inspector, Planner & Estimator
Operations	AviationSecurity/Public Safety	Director, Aviation Operations & Public Safety
Operations	AviationSecurity/Public Safety	Security Specialist I
		6
Finance	Small Business Development	Small Business Development Program Manager
		1
Total FY 2018 proposed new positions		7

Major Drivers of FY 2018 Budget

	Total Inc / (Dec) FY 2018 Budget vs FY 2017 Budget	Expense Category
Total Increase in Expenses including Equipment Outlay	\$ 31,571,000	
Personnel:		
Additional contribution of 1% of Actuarial Liability	1,656,670	Retirement
Contracted wage increases and pay-for-performance	1,190,160	Salaries & Wages
7 new positions (salaries & burden), net of capitalized labor	567,508	Salaries & Wages, Employee Benefits, Capitalized Labor
Increase in capitalized Labor	(304,361)	Capitalized Labor
Decrease in wages and burden (benefits & employer taxes) due to retirement/turnover	(339,356)	Salaries & Wages, Overtime, Employee Benefits
Decrease in health insurance	(406,348)	Employee Benefits
Total Increase / (Decrease) in Personnel	2,364,273	
Debt Service:		
Interest and Principal on FIS Bonds	9,156,431	Debt Service
Interest and Principal on Parking Plaza Bonds	6,851,090	Debt Service
Principal on CFC Bonds	5,580,000	Debt Service
Cost of issuance for Parking Plaza and FIS Bonds	1,989,435	Debt Service
Interest and fees on revolving credit facilities and other, net	272,727	Debt Service
Total Increase / (Decrease) in Debt Service	\$ 23,849,684	

Major Drivers of FY 2018 Budget (cont'd)

	Total Inc / (Dec) FY 2018 Budget vs FY 2017 Budget	Expense Category
Non Personnel:		
Operations Division		
Parking and shuttle operations	\$ 2,181,843	Contractual Services
Law enforcement costs - Harbor Police Department	1,722,136	Safety and Security
Annual Maintenance	1,193,818	Maintenance
Contractual Services	389,950	Contractual Services
Security guard services	350,000	Safety and Security
Communication Center	242,029	Safety and Security, Equipment Outlay
Concession Development Program Hood, Duct, Vent Cleaning & Maintenance Services	166,000	Contractual Services
Aircraft Rescue and Fire Fighting (ARFF) contract costs	156,862	Safety and Security
Access control system	(400,000)	Safety and Security
Rental Car Center Busing	(506,989)	Contractual Services
Utilities	(700,371)	Contractual Services

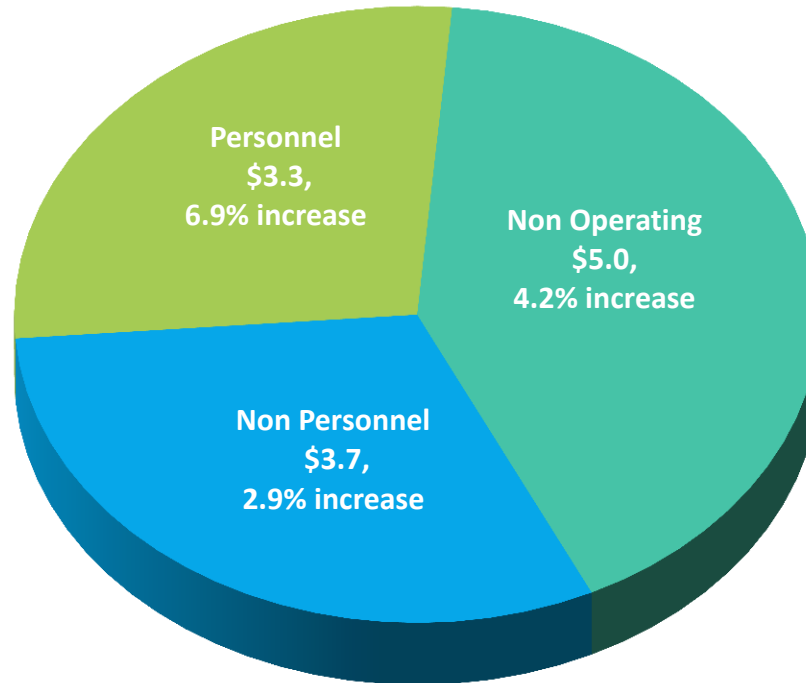
Major Drivers of FY 2018 Budget (cont'd)

	Total Inc / (Dec) FY 2018 Budget vs FY 2017 Budget	Expense Category
Development Division		
Environmental Requirements	500,000	Contractual Services
Planning and land use projects	(150,000)	Contractual Services
QHP Grant, PFCs and Costs	(194,811)	Joint Studies/Sound Attenuation
Annual & Major Maintenance	(477,243)	Maintenance
Executive Division		
Sponsorships and marketing activities	723,505	Business Development
Concessions Development Program Marketing	330,000	Business Development
Insurance	189,842	Insurance
Contractual Services	(390,697)	Contractual Services
Finance		
Budget Software License Fees and Implementation	75,000	Equipment Outlay, Contractual Services
Other, net	76,472	Contractual Services
Other, net	(120,302)	
Total Within Divisions	5,357,043	
Total Increase / (Decrease)	\$ 31,571,000	

FY 2019 Budget Increase vs. FY 2018 Budget

\$12.0M (4.1%)

(in millions)



FY 2019 Proposed Personnel Summary

by Division

	FY 2018 Budget	FY 2019 Budget	Total Variance
Operations	201	203	2
Development	82	83	1
Finance & Asset Management	85	85	0
Executive	69	69	0
TOTAL POSITIONS	437	440	3

FY 2019 Proposed Head Count Changes

Division	Department	Proposed New Positions
Operations	Facilities Management	Management Analyst
Operations	Aviation Security/Public Safety	Security & Emergency Response Coordinator
Total Operations Division:		2
Development	Airport Planning	Senior Airport Planner
Total Development Division:		1
Total FY 2019 Proposed new positions		3

Major Drivers of FY 2019 Budget

	Total Inc / (Dec) FY 2019 Budget vs. FY 2018 Budget	Expense Category
Total Increase in Expenses including Equipment Outlay	\$ 12,030,000	
Personnel:		
Increase in retirement	1,617,840	Benefits
Contracted wage increases and pay-for-performance	1,340,913	Salaries and Wages
3 new positions (salaries & burden)	268,575	Salaries and Wages, Employee Benefits
Increase in salaries, capitalized labor and other burden (benefits & employer taxes)	95,044	Salaries & Wages, Employee Benefits, Capitalized Labor
Total Increase / (Decrease) in Personnel	3,322,372	
Debt Service:		
Interest and Principal on new Bond issuance	4,681,169	Debt Service
Cost of issuance and other, net	309,493	Debt Service
Total Increase / (Decrease) in Debt Service	\$ 4,990,661	

Major Drivers of FY 2019 Budget (cont'd)

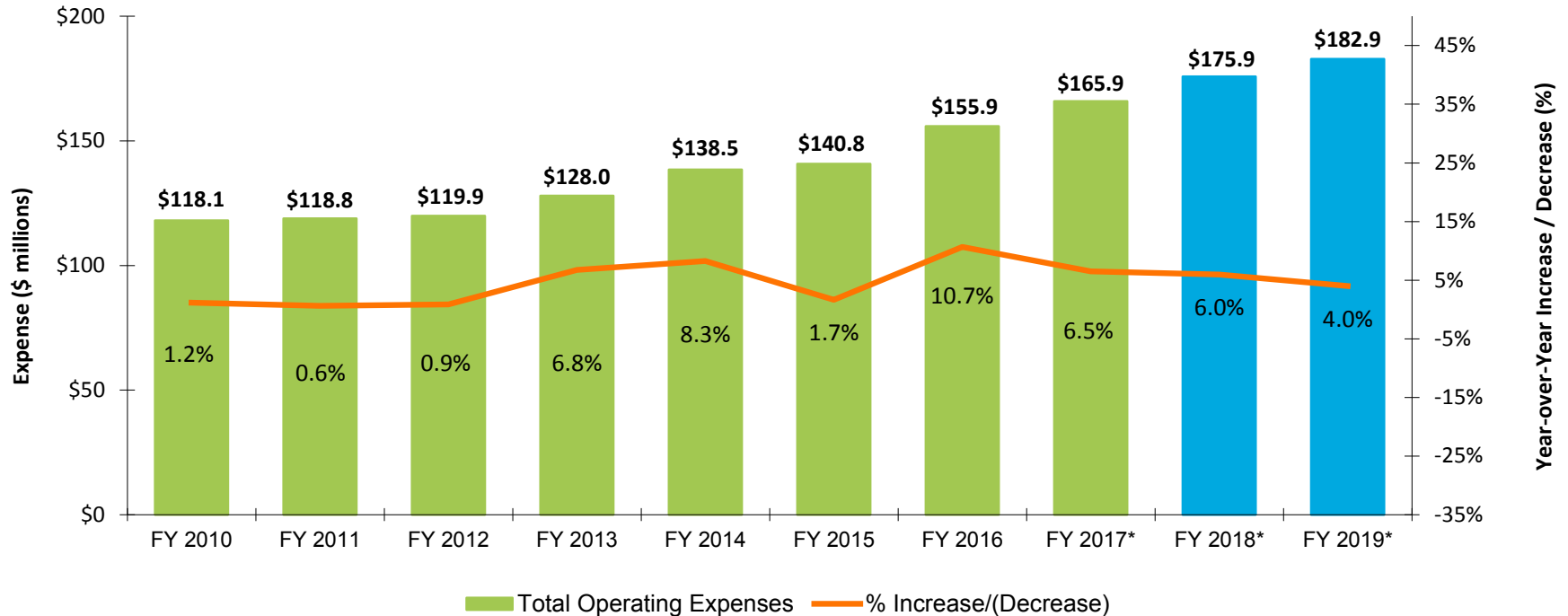
	Total Inc / (Dec) FY 2019 Budget vs. FY 2018 Budget	Expense Category
Non Personnel:		
Operations		
Law enforcement costs - Harbor Police Department	\$ 1,451,352	Safety and Security
Parking Plaza Operations and Maintenance	1,250,000	Maintenance, Safety & Security, Contractual Services
Rental Car Center Busing	789,453	Contractual Services
Utilities	678,570	Utilities
Parking and shuttle operations	418,132	Contractual Services
New FIS Maintenance	250,000	Maintenance, Safety & Security
Aircraft Rescue and Fire Fighting (ARFF) contract costs	161,568	Safety and Security
Annual & Major Maintenance	(385,788)	Maintenance
Development		
Planning and land use projects	(275,000)	Contractual Services

Major Drivers of FY 2019 Budget (cont'd)

	Total Inc / (Dec) FY 2019 Budget vs. FY 2018 Budget	Expense Category
Executive		
Insurance	\$ 139,420	Business Development
Contractual Services	(180,175)	Contractual Services
Sponsorships and marketing activities	(650,000)	Contractual Services
Finance		
Credit card fees	190,001	Contractual Services
Other, net	(120,566)	
Total Within Divisions	3,716,967	
Total Increase / (Decrease)	\$ 12,030,000	

Total Operating Expenses (incl. Equipment Outlay)

FY 2010 – FY 2019





Capital Program Budget Fiscal Years 2018 – 2022



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Capital Program Budget Summary

FY 2017 - 2021 Capital Program	\$ 631,403,029
Rental Car Center	<u>316,124,104</u>
FY 2017 - 2021 Beginning Capital Program Budget	\$ 947,527,133
Terminal 2 West FIS Build-out	229,474,214
FY 2017 - 2021 Project Closeouts/Cancellations/Adjustments	\$ <u>(395,167,555)</u>
FY 2017 - 2021 Ending Capital Program Balance	\$ 781,833,792



Airside CIP Projects



Airside CIP Projects

(\$ in millions)

Project	Budget	Funding Source	Pre FY18	FY 18	FY 19	FY 20	FY 21	FY 22
Current CIP Projects								
Cargo Taxiways	9.5	PFC		0.9	6.2	2.4		
Relocate Taxiway B	30.0	AIP / PFC					0.2	29.8
Rehabilitate Cross Taxiways B1, B4-B7, C3, C4 & C6	18.8	AIP / PFC / Bonds	0.9	11.7	6.2			
Upgrade Remaining 12 Remote Noise Monitoring Poles	0.9	PFC / Cash	0.7	0.2				
Solid Waste Disposal and Recycling Facility	2.4	Cash	2.3	0.1				
SDIA Airport Development Plan	4.5	PFC / Cash	2.8	0.6	0.6	0.5		
Environmental Assessment for Taxiway B Relocation	0.3	PFC / Cash		0.2	0.1			
Develop Mitigation Plan for Least Terns	2.0	PFC / Cash		0.2	1.1	0.7		
Rehabilitate Terminal 2 Apron Pavement	16.6	AIP / PFC / Cash			1.4	10.2	5.0	
Construct Taxiway A	36.9	AIP / Cash				0.2	3.4	33.3
Clear OFA - Taxiway B	10.6	PFC / Bonds / Cash	2.9	7.6	0.1			
Rehabilitate Runway 9-27 Pavement	33.9	AIP / PFC / Cash	1.4	21.5	11.0			
Rehabilitate Northside Vehicle Service Road	12.2	Bonds	0.4	8.8	3.0			
Replace 2 ARFF Vehicles	2.6	Cash	1.5	1.1				
ADP - Programmatic Docs (Airside)	1.9	Bonds	0.6	1.2	0.1			
Subtotal - Current CIP Projects	183.1		13.6	54.1	29.8	14.0	8.6	63.1

Airside CIP Projects (cont'd)

(\$ in millions)

Project	Budget	Funding Source	Pre FY18	FY 18	FY 19	FY 20	FY 21	FY 22
New CIP Projects								
Airline Provisioning & Belly Cargo	32.2	Bonds		11.1	16.0	5.1		
Airline Maintenance Facility	31.0	Bonds		2.9	27.5	0.6		
Fuel Rack Relocation & Hydrant Fueling FIS Gates	51.4	Bonds		8.6	17.1	17.1	8.6	
Solid Waste Disposal and Recycling Facility	10.4	Bonds		1.1	9.1	0.2		
Triturator and Vehicle Wash Facility	7.7	Bonds		0.9	6.6	0.2		
Airfield Stormwater Treatment Control BMPs	5.9	Cash		2.5	3.4			
FAR Part 150 Study Update	1.8	Cash		0.8	0.9	0.1		
Rehabilitate Cross Taxiways C1, C2, C5 & D	12.1	AIP / Cash		3.3	8.8			
Airside Electric Vehicle Supply Equipment	4.7	Other		2.4	2.3			
Northside RON Parking – Phase I	40.4	Bonds		21.6	18.8			
Northside RON Parking – Phase II	23.3	Bonds		5.2	18.1			
Stormwater/Condensate Reuse	50.2	Bonds		10.3	36.3	3.6		
Subtotal - New CIP Projects	271.1			70.7	164.9	26.9	8.6	
Adjustments to Current CIP Projects								
Relocate Taxiway A (Current \$36.9M)	1.7	Cash						1.7
Subtotal - Adjustments to Current CIP Projects	1.7							1.7
Total Airside CIP Projects	455.9		13.6	124.8	194.7	40.9	17.2	64.8



Landside CIP Projects



Landside CIP Projects

(\$ in millions)

Project	Budget	Funding Source	Pre FY18	FY 18	FY 19	FY 20	FY 21	FY 22
Current CIP Projects								
Strategic Master Drainage Plan	0.7	Bonds / Cash	0.6	0.1				
Admiral Boland Way Entry/Exit Gates	2.2	CFC / Cash	0.2	1.9	0.1			
Rehabilitate Terminal 1 Loop Pavement	5.6	Cash	0.6	4.9	0.1			
Observation Area at Palm Street	3.3	Bonds / Cash	0.6	2.6	0.1			
Admiral Boland Way Signage & Traffic Analysis	0.9	Cash	0.3	0.6				
Widen Sassafras Street Intersection	6.0	CFC	0.6	5.4				
Replace Sidewalk T2W Existing to Green Build	1.8	Cash	0.4	1.3	0.1			
Install RCC Car Wash Blowers	1.4	CFC	0.7	0.7				
Airport Centralized Communication Center	0.4	Cash	0.4					
Acquire RCC Buses	7.6	CFC		7.6				
Construct Taxi Hold Lot	5.7	Cash	5.7					
Terminal Link Road	16.6	CFC / Bonds / Cash	16.6					
Ground Transportation Systems-Phase 3 (Virtual Hold Lot)	1.1	Cash	0.1	1.0				
Terminal 2 Loop Pavement Seal Coat	0.8	Cash	0.2	0.6				
Rehabilitate Terminal 2 Loop Pavement	2.1	Cash				0.9	1.2	
Northside Cargo Development	1.5	Cash	0.3	0.6	0.5	0.1		

Landside CIP Projects (cont'd)

(\$ in millions)

Project	Budget	Funding Source	Pre FY18	FY 18	FY 19	FY 20	FY 21	FY 22
Parking Plaza - Public Art	1.7	Bonds / Cash	0.8	0.9				
Terminal 2 Parking Plaza	126.1	Bonds / Cash	43.8	64.6	17.7			
Update Ground Transportation Improvements	0.5	Cash	0.4	0.1				
Demolition of World Trade Center	1.6	Cash	1.6					
RCC Small Market-share Build-outs	4.3	Cash	4.3					
Northside Additional Landscaping	3.9	CFC / Bonds / Cash	3.9					
Interior North Side Road and Utilities	17.8	CFC / Bonds / Cash	17.8					
Restaurant Development at RCC	5.9	Cash	5.9					
Update Ground Transportation Systems - Phase II	0.9	Cash	0.9					
SDIA Wayfinding Signage/Directories – RCC	1.1	CFC	1.1					
SDIA Wayfinding Signage/Directories - RCC Bus Notification Sys.	0.7	CFC	0.7					
Rental Car Center	3.0	CFC	3.0					
ADP - PROGRAMMATIC DOCS (LANDSIDE)	4.6	Bonds	1.5	2.9	0.2			
Subtotal - Current CIP Projects	229.8		113.0	95.8	18.8	1.0	1.2	

Landside CIP Projects (cont'd)

(\$ in millions)

Project	Budget	Funding Source	Pre FY18	FY 18	FY 19	FY 20	FY 21	FY 22
New CIP Projects								
Landside Electric Vehicle Supply Equipment	2.7	Other		1.6	1.1			
Northside Utility Infrastructure	24.3	Bonds		8.5	15.8			
Bus Parking, Propane/CNG Rack, Ground Transportation Ops	30.7	Bonds		3.2	27.5			
Northside Airport Parking	13.8	Bonds		4.5	9.3			
Cell Phone Lot Relocation	1.5	Bonds		0.3	1.2			
Subtotal - New CIP Projects	73.0			18.1	54.9			
Adjustments to Current CIP Projects								
Rehabilitate T1 Loop Pavement (Current \$5.6M)	0.3	Cash					0.3	
Rehabilitate T2E Loop Pavement (Current \$2.1M)	0.2	Cash						0.2
Subtotal - Current CIP Project Adjustments	0.5						0.3	0.2
Total Landside CIP Projects	303.3		113.0	113.9	73.7	1.0	1.5	0.2



Terminal CIP Projects



Terminal CIP Projects

(\$ in millions)

Project	Budget	Funding Source	Pre FY18	FY 18	FY 19	FY 20	FY 21	FY 22
Current CIP Projects								
Airport Support Facilities Definition	0.2	Cash	0.2					
Expand Wi-Fi Coverage in Terminals	2.8	Cash	0.9	1.9				
SDIA Airport Development Plan	4.5	PFC / Cash	2.8	0.6	0.6	0.5		
Replace & Refurbish Passenger Boarding Bridges	29.4	PFC / Bonds / Cash	1.3	1.2	21.3	5.6		
T2E Improvements	5.6	Cash	0.7	4.9				
Terminal Paging System Upgrade	1.8	Cash	0.1	1.7				
T2W Restroom Remodel	2.5	Cash	2.3	0.2				
Replace Terminal Seating in T1 & T2	5.7	Cash	2.5	3.2				
CT Exterior East-Facing Wall - Public Art	0.3	Bonds / Cash	0.2	0.1				
Electrical Modernization in T2E & T2W	4.4	Cash	0.2	2.8	1.4			
Modernize Vertical Conveyance T2E & T2W	7.3	Cash	0.3	5.0	2.0			
T2E Roof Replacement	5.2	Cash	0.2	3.5	1.5			
Improvements to T2E FIS Facility	6.3	Cash			2.6	3.7		
HVAC Modernization	19.1	Cash / Bonds	3.1	15.9	0.1			
Construct Concessionaire & Janitorial Wash Areas	0.9	Cash	0.8	0.1				
Replace Existing Generator at CUP	6.1	Cash	0.7	5.4				

Terminal CIP Projects (cont'd)

(\$ in millions)

Project	Budget	Funding Source	Pre FY18	FY 18	FY 19	FY 20	FY 21	FY 22
Replace & Refurbish Passenger Boarding Bridges – Phase I	2.9	Bonds / Cash	1.8	1.1				
ADP - Programmatic Docs (Terminal)	11.9	Bonds	3.8	7.6	0.5			
Subtotal - Current CIP Projects	116.9		21.9	55.2	30.0	9.8		
New CIP Projects								
Replace Baggage Screening Equipment	10.0	Other / Cash		3.8	6.2			
Airline Relocations at T1W and T2E	25.0	Cash		15.4	9.6			
Terminal 2 Post Security Information Desk	0.6	Cash		0.3	0.3			
Subtotal - New CIP Projects	35.6			19.5	16.1			
Total Terminal CIP Projects	152.5		21.9	74.7	46.1	9.8		



Administrative CIP Projects



Administrative CIP Projects

(\$ in millions)

Project	Budget	Funding Source	Pre FY18	FY 18	FY 19	FY 20	FY 21	FY 22
Current CIP Projects								
Update IT Master Plan	0.3	Cash	0.2	0.1				
Facilities Condition Assessment	0.8	Cash	0.6	0.2				
Facilities Condition Assessment	0.8	Cash					0.8	
Enterprise Content Management System	1.5	Cash	1.5					
E-Project Management System	0.6	Cash	0.6					
Develop Administrative Space	6.5	Cash	1.8	4.7				
Interim Waste Storage Facility	0.6	Cash	0.6					
FMD Capital Expenditures	10.0	Cash	5.0	5.0				
Subtotal - Current CIP Projects	21.1		10.3	10.0			0.8	

Administrative CIP Projects (cont'd)

(\$ in millions)

Project	Budget	Funding Source	Pre FY18	FY 18	FY 19	FY 20	FY 21	FY 22
New CIP Projects								
Identity Management System	0.9	Cash		0.9				
Battery Energy Storage	0.7	Cash		0.7				
Facilities Maintenance Department Shops, Storage and Offices	33.3	Bonds		2.6	27.8	2.9		
Subtotal - New CIP Projects	34.9			4.2	27.8	2.9		
Adjustments to Current CIP Projects								
Public Art Allowance (Current \$1.1M)	0.1	Cash			0.1			
FMD Capital Allowance (Current \$10M)	4.1	Cash		2.0	2.1			
Capital Project Allowance (FY2018)	5.0	Cash		5.0				
Subtotal - Adjustments to Current CIP Projects	9.2			7.0	2.2			
Total Administrative CIP Projects	65.2		10.3	21.2	30.0	2.9	0.8	



Ancillary CIP Projects



Ancillary CIP Projects

(\$ in millions)

Project	Budget	Funding Source	Pre FY18	FY 18	FY 19	FY 20	FY 21	FY 22
Current CIP Projects								
Palm Street Park - Public Art	0.2	Cash	0.2					
Public Art Allowance	1.1	Cash		0.4	0.2	0.2	0.3	
Wind Tunnel South-Facing Wall - Public Art	0.1	Cash		0.1				
T2W FIS Build-out	229.5	PFC / Bonds / Cash	16.1	117.9	90.9	4.6		
Exhibition Display Equipment - Public Art	0.1	Cash	0.1					
Total Ancillary CIP Projects	231.0		16.4	118.4	91.1	4.8	0.3	

Proposed FY 2018 - FY 2022 Capital Projects/Allowances by Location

Airside New/Adjustments to CIP Projects	272.8		70.7	164.9	26.9	8.6	1.7
Landside New/Adjustments to CIP Projects	73.5		18.1	54.9	0.0	0.3	0.2
Terminal New/Adjustments to CIP Projects	35.6		19.5	16.1	0.0	0.0	0.0
Administrative New/Adjustments to CIP Projects	44.1		11.2	30.0	2.9	0.0	0.0
Total New/Adjustments to CIP Projects	426.0		119.5	265.9	29.8	8.9	1.9

Capital Program Budget Summary

FY 2017 - 2021 Capital Program	\$ 631,403,029
Rental Car Center	<u>316,124,104</u>
FY 2017 - 2021 Beginning Capital Program Budget	\$ 947,527,133

Terminal 2 West FIS Build-out	\$ 229,474,214
FY 2017 - 2021 Project Closeouts/Cancellations/Adjustments	<u>(395,167,555)</u>
FY 2017 - 2021 Ending Capital Program Balance	\$ 781,833,792

Proposed FY 2018 - 2022 Capital Projects/Allowances	\$ <u>426,020,141</u> *
Proposed FY 2018 - 2022 Capital Program Budget	\$ <u>1,207,853,933</u>

* Pending Board approval



Plan of Finance Fiscal Years 2018 – 2022



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Uses of Funds by Location

Pre FY 2018 – FY 2022

(in thousands)

<u>Location</u>	<u>Capital Program</u>
Landside and Ancillary	\$534,300
Airside	455,800
Terminal	152,554
Admin	65,200
Finance Costs	86,579
Total	\$1,294,433

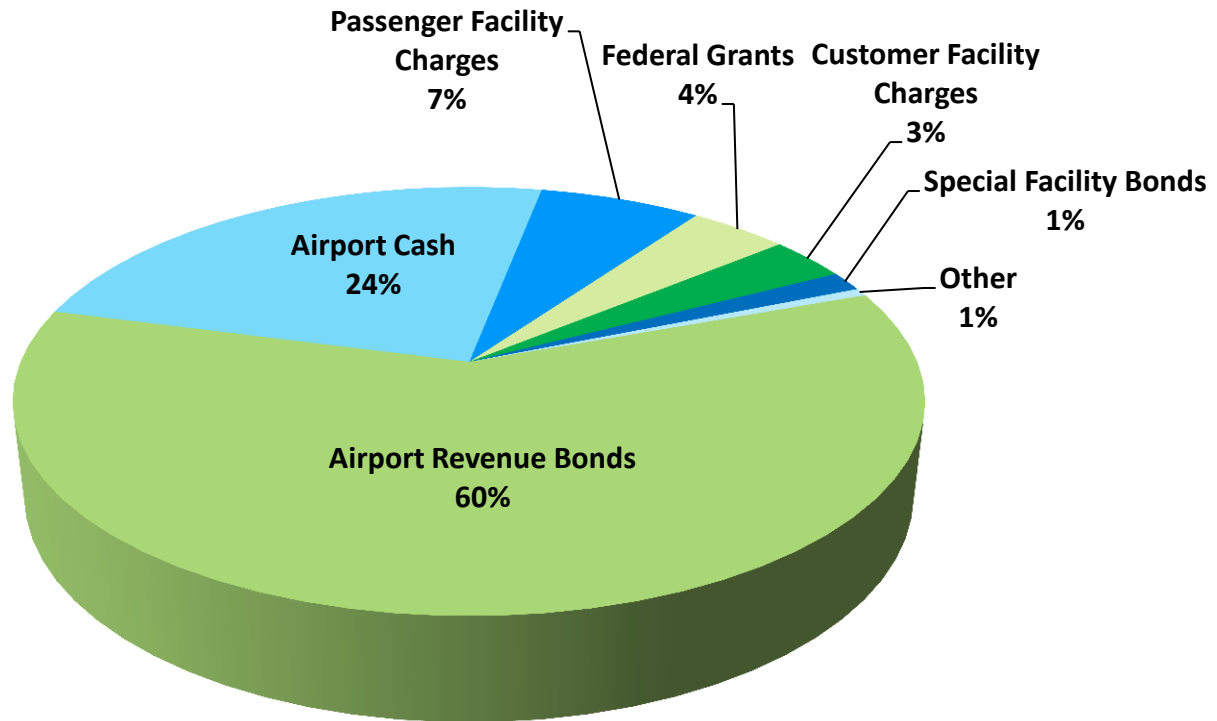
Uses and Sources of Funds

(in thousands)

Total Use of Funds							
	Pre FY2018	FY2018	FY2019	FY2020	FY2021	FY2022	Total
Capital Program	\$175,675	\$452,342	\$435,680	\$59,333	\$19,837	\$64,987	\$1,207,854
Finance Costs	2,225	26,623	57,731	-	-	-	\$86,579
Total	\$177,900	\$478,965	\$493,411	\$59,333	\$19,837	\$64,987	\$1,294,433

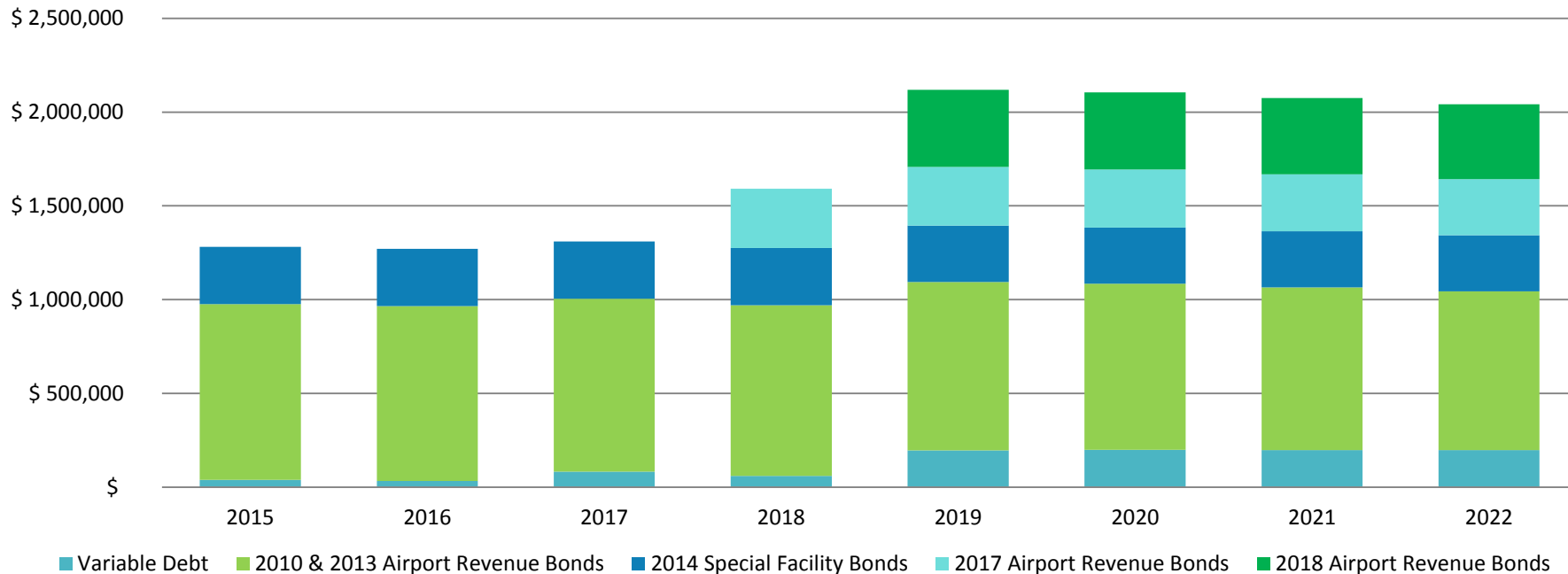
Total Sources of Funds							
	Pre FY2018	FY2018	FY2019	FY2020	FY2021	FY2022	Total
Airport Revenue Bonds	\$56,090	\$303,328	\$374,167	\$29,772	\$8,633	-	\$771,991
Airport Cash	78,644	94,856	73,478	20,544	8,453	34,387	310,363
Passenger Facility Charges	11,199	49,660	13,676	6,414	50	7,450	88,449
Federal Grants	750	11,700	13,296	2,604	2,700	23,150	54,200
Customer Facility Charges	12,063	15,421	15,350	-	-	-	42,834
Special Facility Bonds	19,152	-	-	-	-	-	19,152
Other	-	4,000	3,443	-	-	-	7,443
TOTAL SOURCES OF FUNDS	\$177,900	\$478,965	\$493,411	\$59,333	\$19,837	\$64,987	\$1,294,433

Total Sources of Funds Pre FY 2018 – FY 2022



Aggregate Debt FY 2010 – FY 2022

(in thousands)



Coverage Ratio and Debt Per Enplanement¹

Fiscal Year	Outstanding Debt ¹ (in thousands)	Debt per EPAX	Debt Coverage ²
FY 2013*	\$1,006,596	\$114	3.77
FY 2014*	\$994,339	\$108	2.25
FY 2015*	\$975,565	\$100	2.24
FY 2016*	\$965,556	\$95	2.65
FY 2017^	\$1,005,293	\$96	2.86
FY 2018^	\$1,286,203	\$120	1.94
FY 2019^	\$1,819,634	\$167	2.12
FY 2020^	\$1,805,718	\$163	1.68
FY 2021^	\$1,774,918	\$159	1.75
FY 2022^	\$1,742,548	\$154	1.73

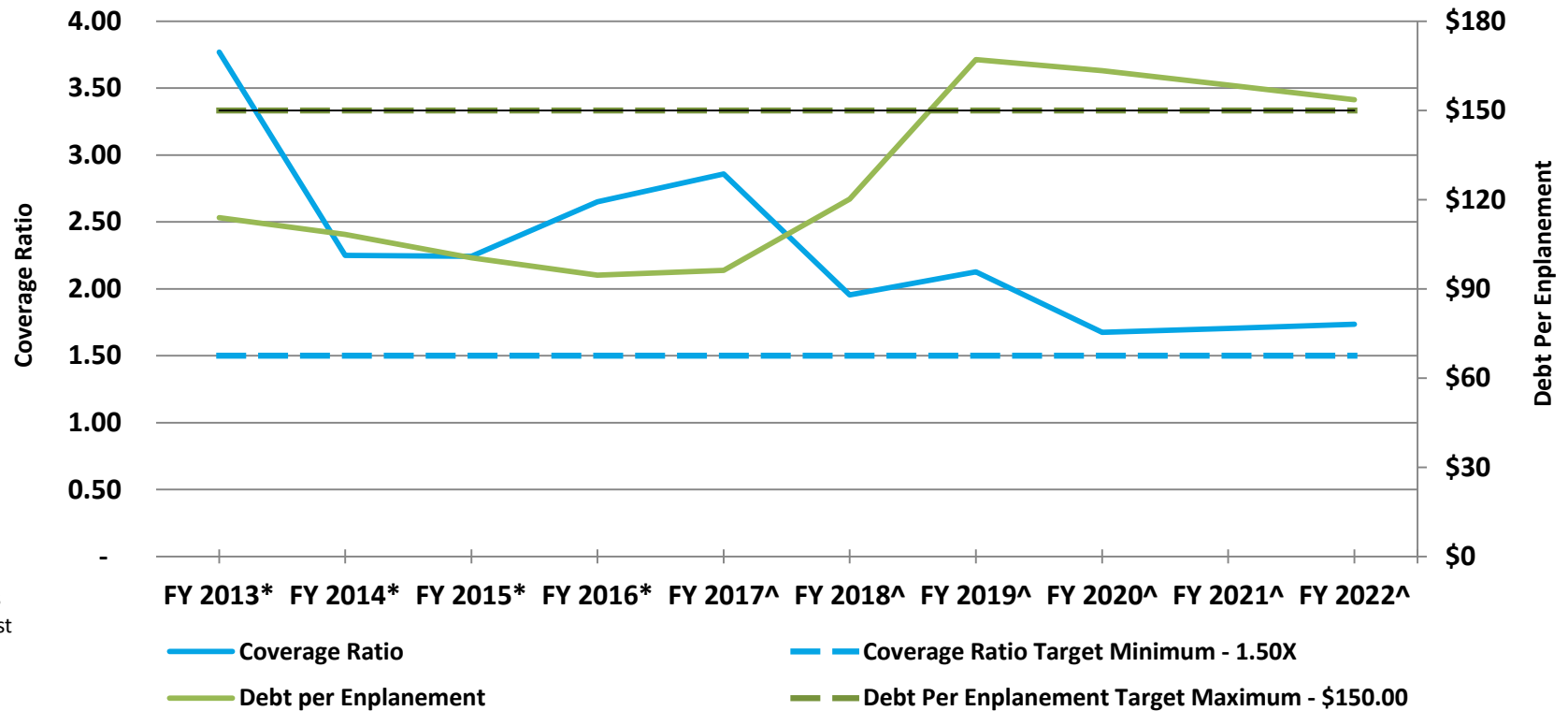
* Actuals

^ Forecast

¹ Airport revenue bonds and variable debt

² Target minimum per Debt Policy: 1.50x

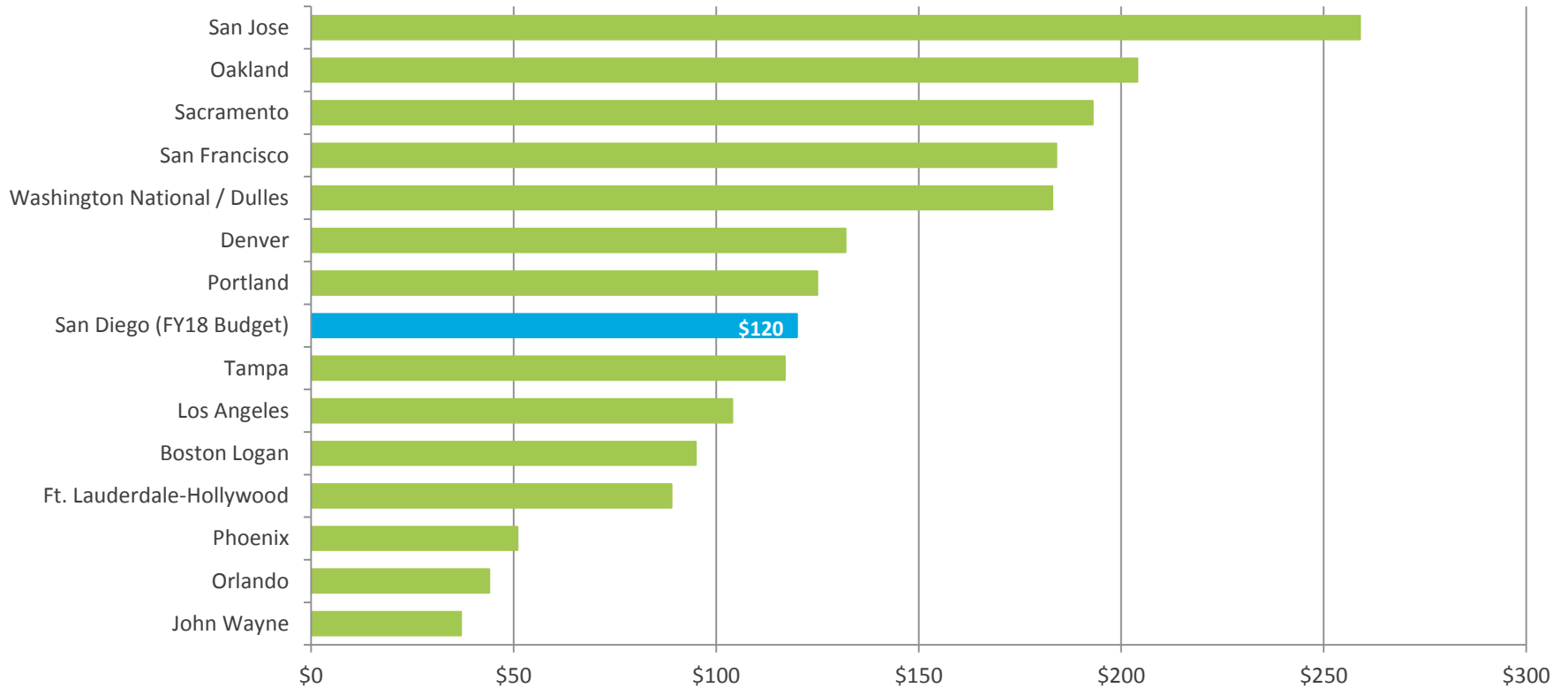
Coverage Ratio and Debt Per Enplanement¹



¹ Airport revenue bonds and variable debt

Airline Debt Per Enplanement

by Select Airports



Median (\$120) for the above selected Moody's rated airports

LET'S GO. Source: Moody's Investor Service, MFR Database, as of April 2017. Peer Airports data as of FY 2015.



Conclusion



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Conclusion

- Follows the Authority's legislative and regulatory mandates
- Provides necessary resources to accomplish the Authority's Strategic Plan
- Enhances the financial position of the Authority through revenue enhancement and cost containment
- Demonstrates the discipline necessary to remain a sustainable enterprise
- Supports regional transportation partnerships and community outreach
- Maintains competitive rates for airline tenants and airport users
- Supports continued efforts to create sustainable 5 year Capital Plan and addresses facility maintenance needs



Questions?



Appendix





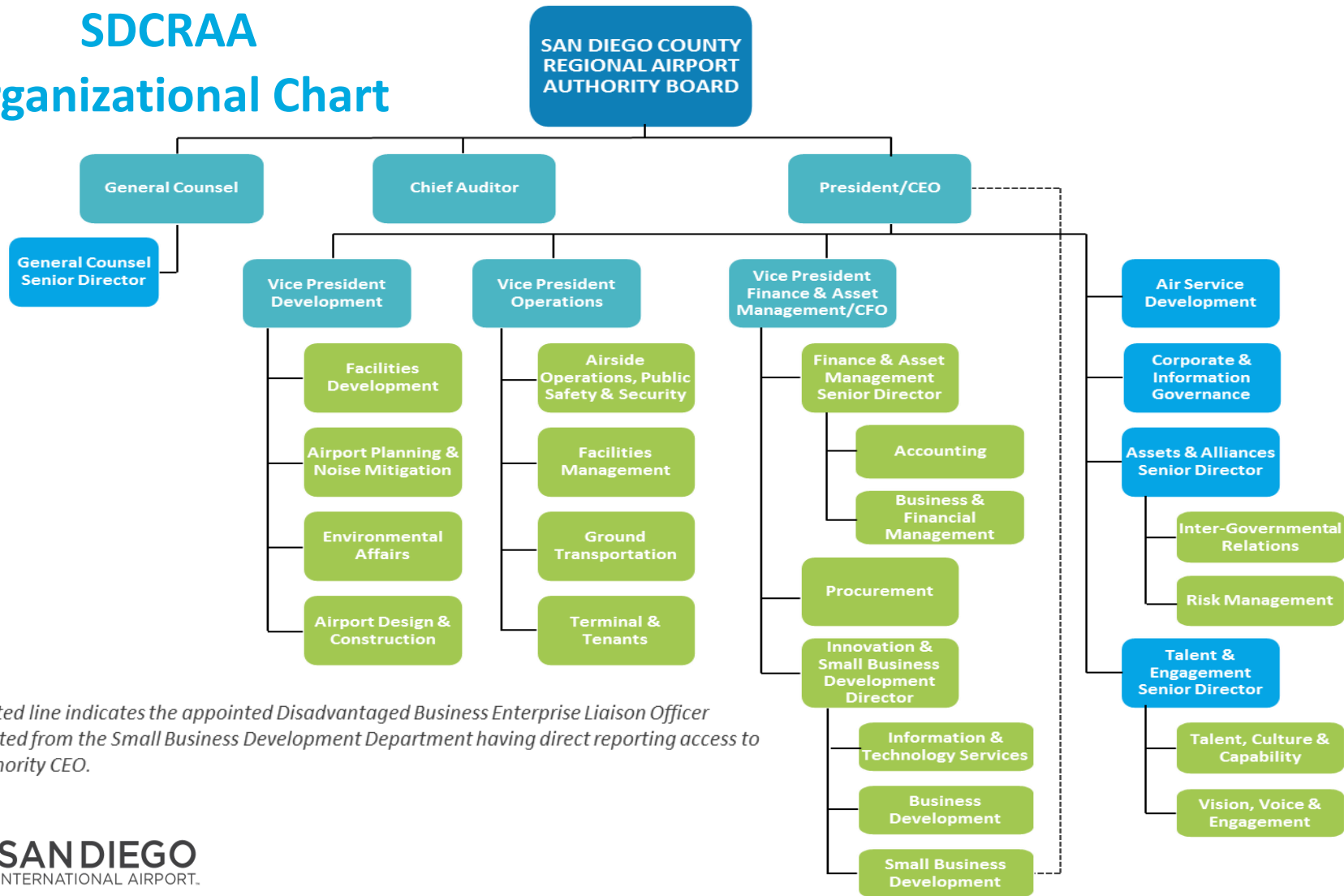
Expense Overview



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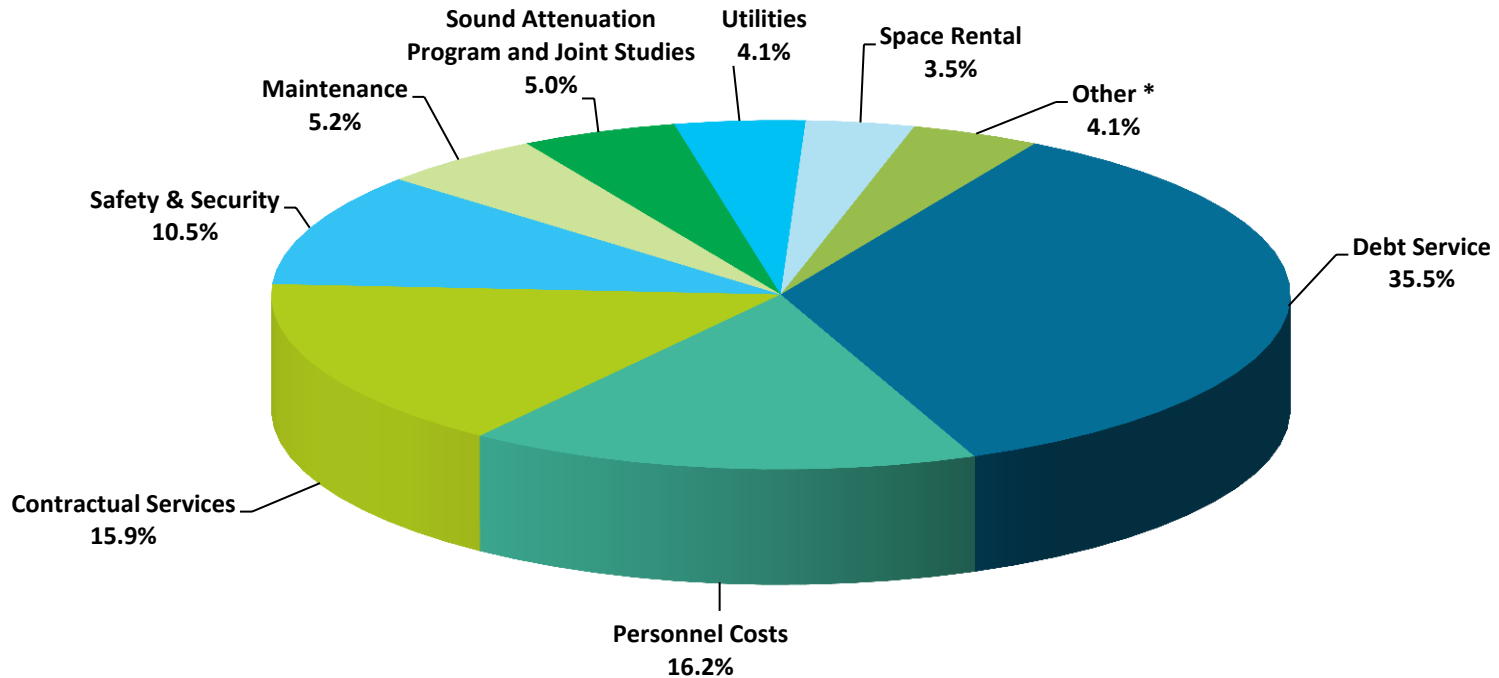
SDCRAA Organizational Chart



The dotted line indicates the appointed Disadvantaged Business Enterprise Liaison Officer designated from the Small Business Development Department having direct reporting access to the Authority CEO.

FY 2018 Expense Budget

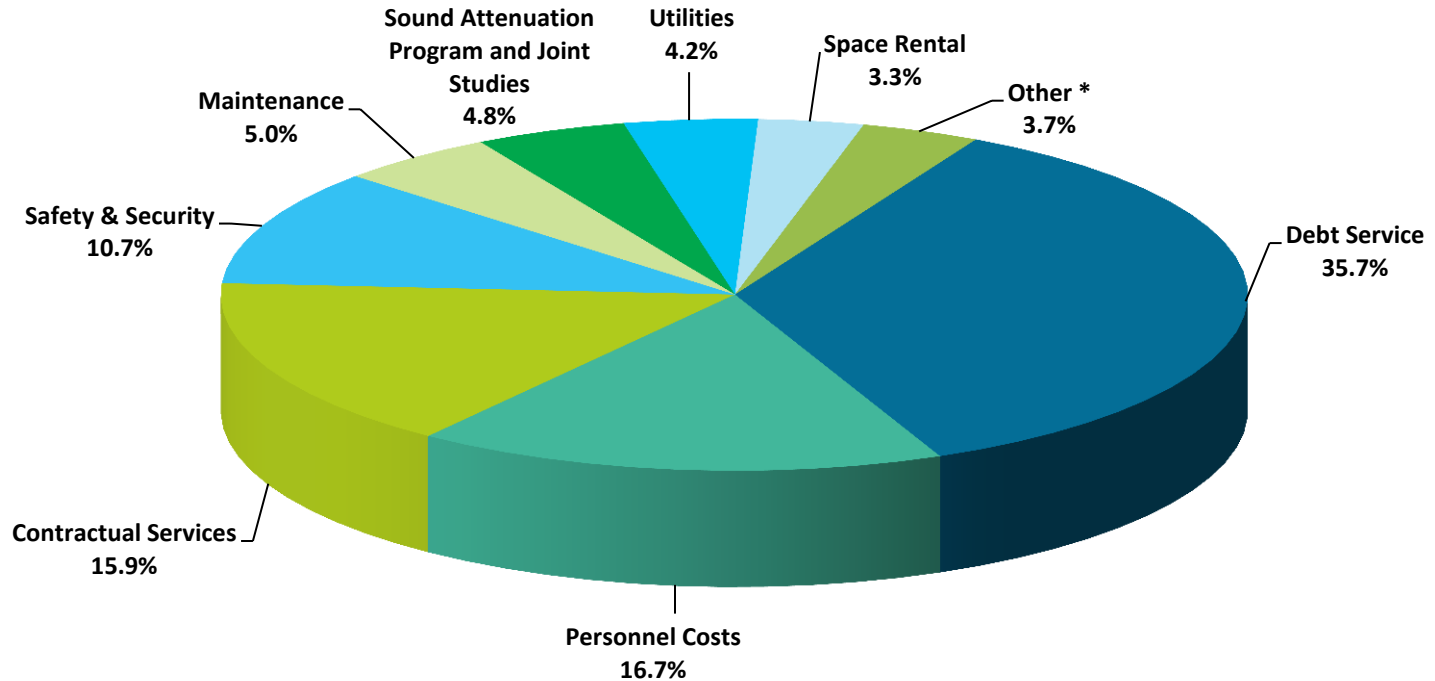
by Category



* Other includes equipment rental & repair, business development, employee programs, insurance, tenant improvements, operating equipment & supplies and equipment outlay

FY 2019 Expense Budget

by Category



* Other includes equipment rental & repair, business development, employee programs, insurance, tenant improvements, operating equipment & supplies and equipment outlay

FY 2018 – FY 2019 Budget Expense Summary

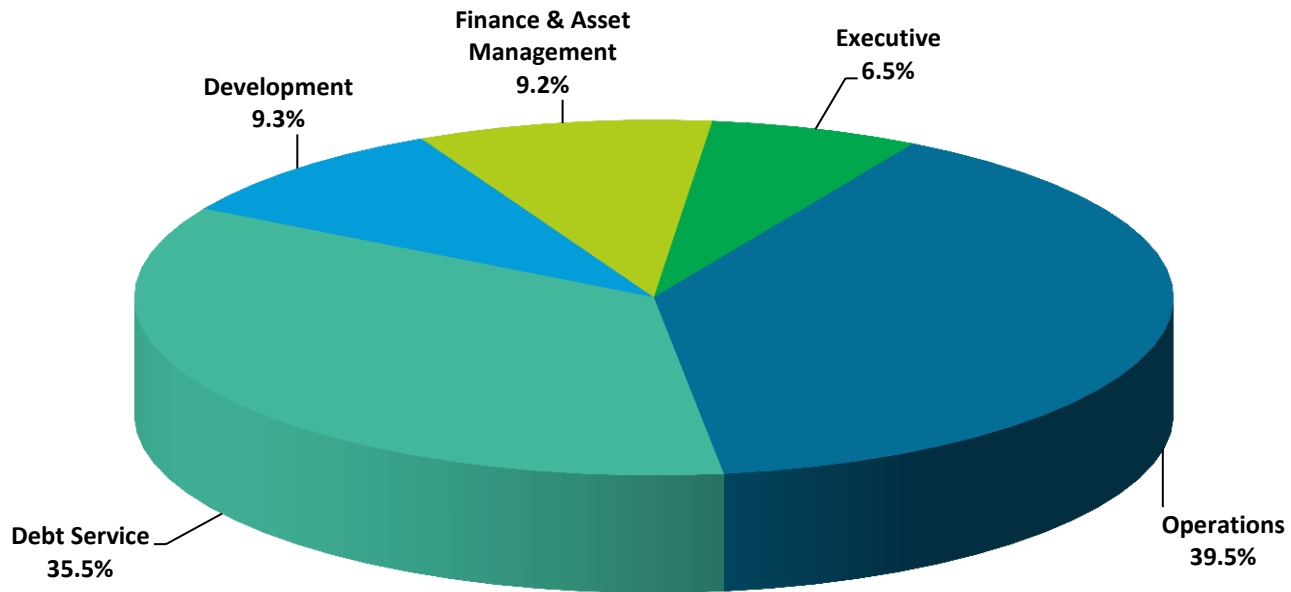
by Department

Department	FY 2016 Actuals	FY 2017 Budget	FY 2017 M2 Re-Forecast	FY 2018 Conceptual Budget	FY 2018 Proposed Budget	Inc/(Dec) FY18 Budget vs FY17 Budget	% Change	FY 2019 Proposed Conceptual Budget	Inc/(Dec) FY19 Conceptual vs FY18 Budget	% Change
6 Executive Offices	\$ 1,072,964	\$ 1,131,124	\$ 1,170,175	\$ 1,175,672	\$ 1,141,500	\$ 10,377	0.92%	\$ 1,206,545	\$ 65,044	5.70%
15 General Counsel	1,933,123	2,246,277	1,731,970	2,270,815	2,090,180	(156,096)	-6.95%	2,164,571	74,390	3.56%
16 Chief Auditor	1,120,763	1,209,163	1,141,051	1,234,046	1,274,591	65,428	5.41%	1,342,275	67,684	5.31%
2 Board Services	147,945	165,800	158,639	165,800	155,500	(10,300)	-6.21%	155,500	-	0.00%
17 Corporate & Information Governance	869,490	985,435	884,665	1,016,167	1,037,339	51,904	5.27%	1,102,316	64,977	6.26%
28 Talent Culture & Capability	3,084,077	3,442,595	3,194,558	3,663,548	3,312,259	(130,336)	-3.79%	3,380,957	68,698	2.07%
59 Vision, Voice & Engagement	3,897,567	4,656,435	4,708,575	5,284,986	5,531,884	875,449	18.80%	4,919,101	(612,783)	-11.08%
18 Risk Management	2,093,620	2,414,791	2,261,783	2,475,327	2,563,017	148,226	6.14%	2,719,904	156,887	6.12%
61 Intergovernmental Relations	779,298	764,317	759,053	774,930	784,263	19,947	2.61%	813,895	29,632	3.78%
63 Air Service Development	1,015,294	1,279,371	1,197,659	1,292,493	1,387,783	108,413	8.47%	1,435,938	48,155	3.47%
Executive Division	16,014,142	18,295,307	\$ 17,208,127	19,353,784	19,278,318	983,011	5.37%	19,241,002	(37,316)	-0.19%
26 Ground Transportation	22,829,023	28,073,613	\$ 27,608,426	28,515,280	29,981,720	1,908,107	6.80%	32,509,327	2,527,607	8.43%
30 Terminals & Tenants	10,861,640	11,351,770	11,256,120	11,560,950	11,852,074	500,304	4.41%	11,975,103	123,029	1.04%
36 Facilities Management	34,865,608	35,326,089	33,840,172	37,502,556	36,743,508	1,417,419	4.01%	38,109,405	1,365,897	3.72%
37 Aviation Security/Public Safety	26,148,392	26,760,600	26,408,145	27,435,430	29,242,432	2,481,833	9.27%	31,183,337	1,940,905	6.64%
51 Airside Operations	8,662,011	8,652,915	8,567,533	8,917,072	8,839,824	186,909	2.16%	9,193,046	353,222	4.00%
Operations Division	103,366,674	110,164,986	\$107,680,396	113,931,288	116,659,558	6,494,572	5.90%	122,970,217	6,310,659	5.41%
43 Environmental Affairs	4,918,532	5,916,035	\$ 5,560,571	5,794,945	6,278,525	362,490	6.13%	6,314,400	35,875	0.57%
45 Airport Planning & Noise Mitigation	15,904,671	18,534,875	6,839,117	18,637,608	18,366,207	(168,668)	-0.91%	18,216,472	(149,735)	-0.82%
33 Facilities Development	2,161,189	2,663,567	3,024,936	2,727,181	2,355,369	(308,198)	-11.57%	2,460,209	104,839	4.45%
35 Airport Design & Construction	739,242	364,044	401,846	329,705	401,586	37,542	10.31%	201,788	(199,798)	-49.75%
Development Division	23,723,634	27,478,522	\$ 15,826,470	27,489,440	27,401,687	(76,834)	-0.28%	27,192,868	(208,819)	-0.76%
21 Business Development	273,473	410,660	\$ 355,556	417,923	466,499	55,839	13.60%	491,526	25,028	5.36%
24 Information & Technology Services	7,752,149	7,974,902	7,654,023	8,063,781	8,467,522	492,620	6.18%	8,941,866	474,344	5.60%
25 Business and Financial Management	15,158,021	15,335,374	15,001,954	15,493,983	15,614,478	279,105	1.82%	15,988,886	374,408	2.40%
27 Accounting	1,798,001	1,636,204	1,619,193	1,653,804	1,680,240	44,036	2.69%	1,770,990	90,750	5.40%
29 Procurement and Small Business Development	1,922,895	2,104,394	2,022,920	2,160,798	2,114,631	10,237	0.49%	2,249,232	134,601	6.37%
67 Other *	(1,407,203)	(608,302)	1,011,050	(654,679)	(1,169,571)	(561,269)	92.27%	(1,293,887)	(124,316)	10.63%
Financial & Asset Management Division	25,497,336	26,853,232	\$ 27,664,695	27,135,610	27,173,799	320,567	1.19%	28,148,613	974,815	3.59%
65 Debt Service	67,827,864	80,841,954	\$ 81,113,703	96,086,878	104,691,638	23,849,684	29.50%	109,682,299	4,990,661	4.77%
Total Budget	\$ 236,429,650	\$ 263,634,000	\$249,493,391	\$283,997,000	\$295,205,000	\$ 31,571,000	11.98%	\$ 307,235,000	\$ 12,030,000	4.08%
Total Budget Excluding Debt Service	\$ 168,601,786	\$ 182,792,046	\$ 168,379,688	\$ 187,910,122	\$ 190,513,362	\$ 7,721,316	4.22%	\$ 197,552,701	\$ 7,039,339	3.69%

* Vacancy savings and workers compensation losses

FY 2018 Expense Budget

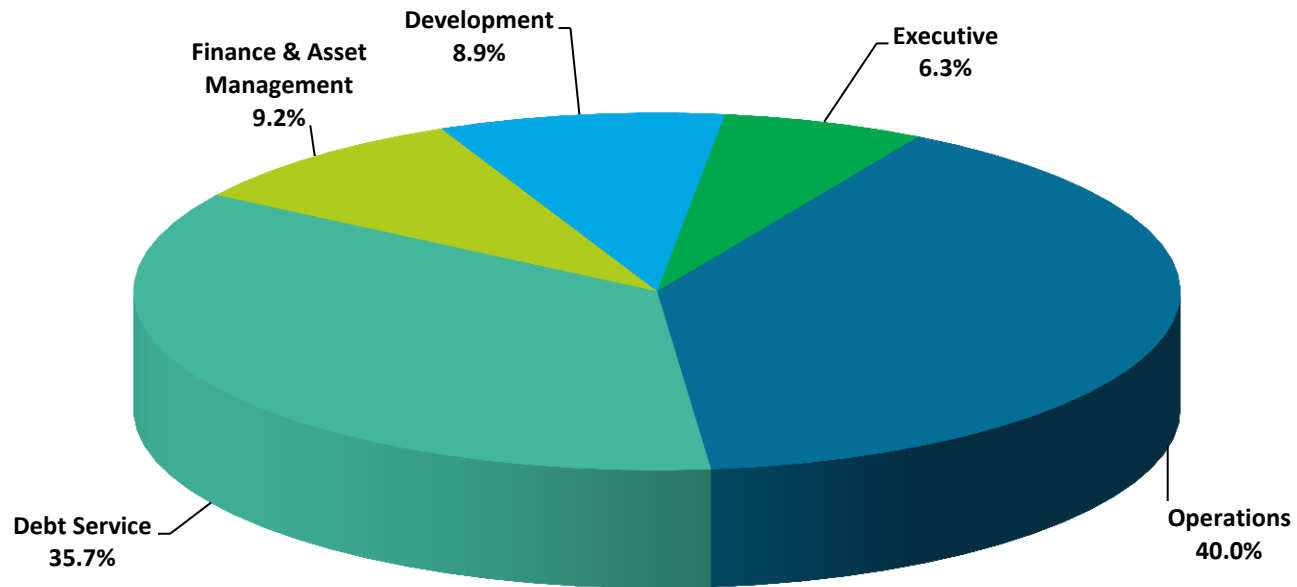
by Division



Total FY 2018 Budget is \$295.2M

FY 2019 Expense Budget

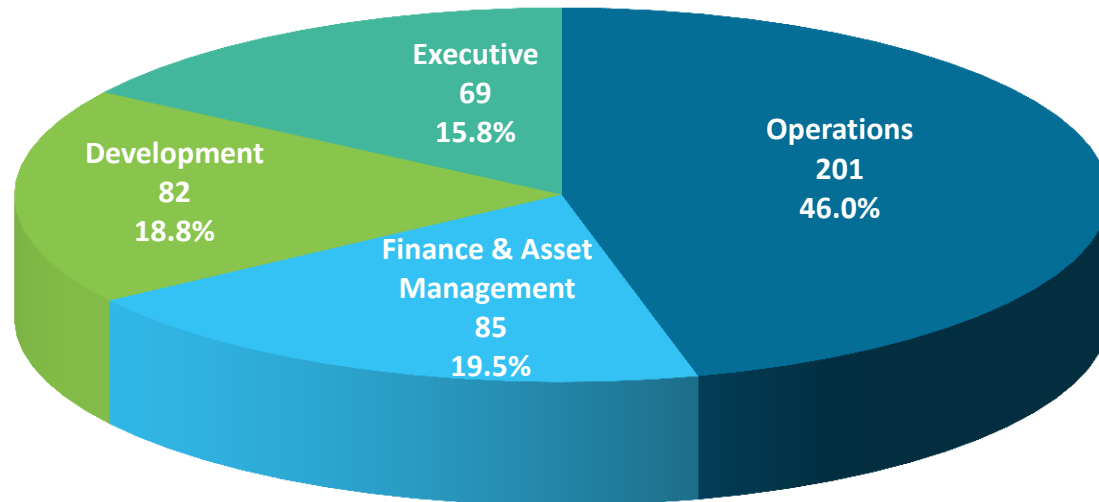
by Division



Total FY 2019 Budget is \$307.2M

FY 2018 Proposed Budget

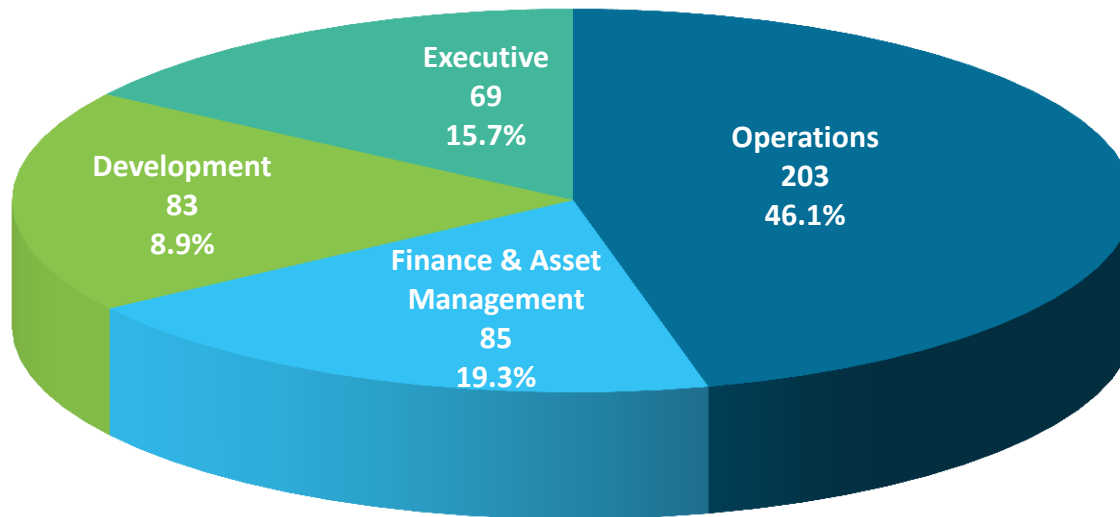
Personnel by Division



Total Proposed Positions are 437

FY 2019 Proposed Conceptual Budget

Personnel by Division



Total Proposed Positions are 440



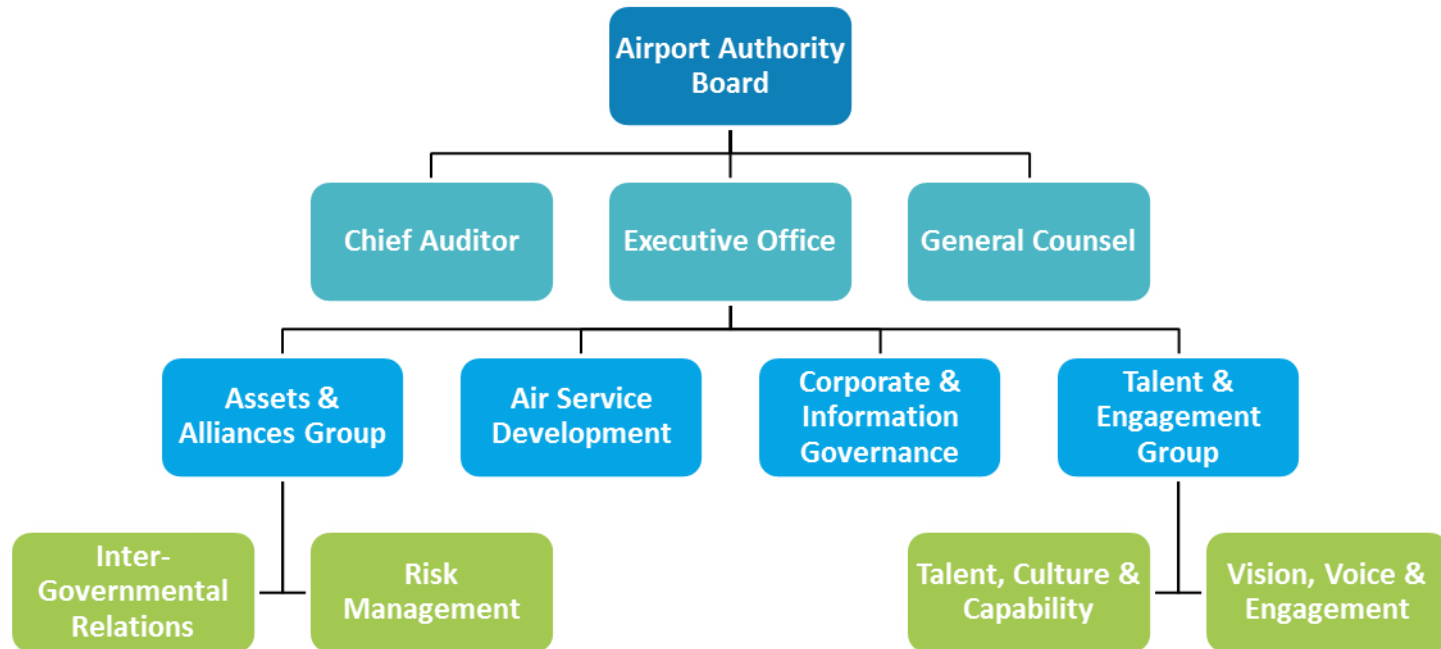
Division Budgets





Executive Division

FY 2018 – 2019 Organizational Structure



FY 2018 – 2019 Budget Expense Summary

	FY 2016 Actuals	FY 2017 Budget	FY 2018 Proposed Budget	Inc / (Dec) FY 18 Proposed vs FY 17 Budget	% Change	FY 2019 Proposed Conceptual Budget	Inc / (Dec) FY 19 Conceptual vs FY 18 Budget	% Change
Operating Expenses:								
Personnel Expenses								
Salaries and Wages	\$ 6,497,677	\$ 7,221,020	\$ 7,190,172	\$ (30,848)	-0.4%	\$ 7,446,940	\$ 256,768	3.6%
Premium Overtime	2,949	-	-	-	0.0%	-	-	0.0%
Employee Benefits	2,712,254	3,072,588	3,208,106	135,517	4.4%	3,639,022	430,916	13.4%
Subtotal	9,212,881	10,293,609	10,398,278	104,669	1.0%	11,085,962	687,684	6.6%
<i>Less: Capitalized Labor</i>	-	-	-	-	0.0%	-	-	0.0%
<i>Less: QHP - Labor/Burden/Labor Overhead</i>	-	-	-	-	0.0%	-	-	0.0%
Total Personnel Expenses	9,212,881	10,293,609	10,398,278	104,669	1.0%	11,085,962	687,684	6.6%
Non-Personnel Expenses								
Contractual Services	3,130,907	4,009,972	3,619,275	(390,697)	-9.7%	3,439,100	(180,175)	-5.0%
Safety and Security	-	-	-	-	0.0%	-	-	0.0%
Space Rental	-	1,200	-	(1,200)	-100.0%	-	-	0.0%
Utilities	2,581	1,975	1,150	(825)	-41.8%	1,150	-	0.0%
Maintenance	-	-	-	-	0.0%	-	-	0.0%
Operating Equipment & Systems	67,774	23,800	37,550	13,750	57.8%	30,700	(6,850)	-18.2%
Operating Supplies	53,313	38,025	36,300	(1,725)	-4.5%	37,400	1,100	3.0%
Insurance	949,491	1,012,758	1,202,600	189,842	18.7%	1,342,020	139,420	11.6%
Employee Programs	555,073	582,123	600,100	17,977	3.1%	526,430	(73,670)	-12.3%
Business Development	1,562,030	2,126,395	3,282,775	1,156,380	54.4%	2,697,950	(584,825)	-17.8%
Equipment Rentals & Repairs	68,750	95,450	70,290	(25,160)	-77.3%	70,290	-	0.0%
Tenant Improvements	-	-	-	-	0.0%	-	-	0.0%
Total Non-Personnel Expenses	6,389,919	7,891,698	8,850,040	958,342	12.1%	8,145,040	(705,000)	-8.0%
Total Operating Expenses	15,602,800	18,185,307	19,248,318	1,063,011	5.8%	19,231,002	(17,316)	-0.1%
Non-Operating Expenses:								
Joint Studies/Sound Attenuation	-	-	-	-	0.0%	-	-	0.0%
Debt Service	-	-	-	-	0.0%	-	-	0.0%
Legal Settlements Expense	374,632	10,000	10,000	-	0.0%	10,000	-	0.0%
Total Non-Operating Expenses	374,632	10,000	10,000	-	0.0%	10,000	-	0.0%
Total Expenses	15,977,432	18,195,307	19,258,318	1,063,011	5.8%	19,241,002	(17,316)	-0.1%
Equipment Outlay	36,710	100,000	20,000	(80,000)	-80.0%	-	(20,000)	-100.0%
Total Executive Division Expenses	\$ 16,014,142	\$ 18,295,307	\$ 19,278,318	\$ 983,011	5.4%	\$ 19,241,002	\$ (37,316)	-0.2%

FY 2018 – 2019 Budget Major Drivers

Executive Division

	Inc/(Dec) FY18 vs FY17	Inc/(Dec) FY19 Conceptual vs FY18
FY 2017 Budget / FY 2018 Budget	\$ 18,295,307	\$ 19,278,318
Personnel costs		
Burden (benefits & employer taxes) for current staff	152,146	424,409
Salary adjustments and pay-for-performance	99,142	263,275
1 position of Manager Capability & Planning (salaries & burden) transferred to Finance & Asset Management Division	(146,619)	-
Total Increase / (Decrease) in personnel costs	104,669	687,684
Sponsorships and marketing activities	723,505	(650,000)
Concessions Development Program Marketing	330,000	50,000
Insurance	189,842	139,420
Completion of Strategic Planning, Marketing & Safety Consultants	(390,697)	(180,175)
Other, net	25,692	(84,245)
Total Increase / (Decrease) in non-personnel costs	878,342	(725,000)
Total Increase / (Decrease)	983,011	(37,316)
FY 2018 Budget / FY 2019 Conceptual Budget	\$ 19,278,318	\$ 19,241,002



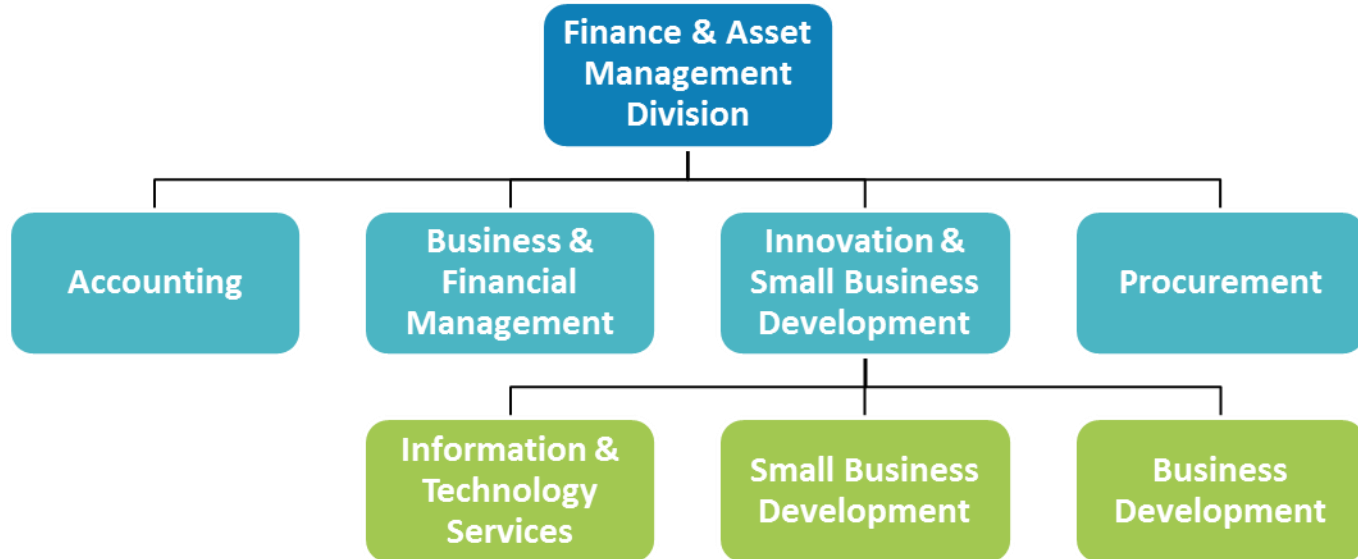
Financial & Asset Management Division



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FY 2018 – 2019 Organizational Structure



FY 2018 – 2019 Budget Expense Summary

	FY 2016 Actuals	FY 2017 Budget	FY 2018 Proposed Budget	Inc / (Dec) FY 18 Proposed vs FY 17 Budget	% Change	FY 2019 Proposed Conceptual Budget	Inc / (Dec) FY 19 Conceptual vs FY 18 Budget	% Change
Operating Expenses:								
Personnel Expenses								
Salaries and Wages	\$ 6,633,229	\$ 6,982,534	\$ 6,572,479	\$ (410,055)	-5.9%	\$ 7,027,832	\$ 455,353	6.9%
Premium Overtime	88,848	150,000	152,000	2,000	1.3%	152,000	-	0.0%
Employee Benefits	1,593,068	2,981,247	3,507,963	526,716	17.7%	3,729,190	221,227	6.3%
Subtotal	8,315,145	10,113,781	10,232,441	118,661	1.2%	10,909,022	676,580	6.6%
Less: Capitalized Labor	(3,190)	-	-	-	0.0%	-	-	0.0%
Less: QHP - Labor/Burden/Labor Overhead	-	-	-	-	0.0%	-	-	0.0%
Total Personnel Expenses *	8,311,956	10,113,781	10,232,441	118,661	1.2%	10,909,022	676,580	6.6%
Non-Personnel Expenses								
Contractual Services	3,119,625	3,107,856	2,967,680	(140,176)	-4.5%	3,142,181	174,501	5.9%
Safety and Security	-	-	-	-	0.0%	-	-	0.0%
Space Rental	10,367,148	10,190,250	10,190,750	500	0.0%	10,190,750	-	0.0%
Utilities	375,060	416,900	450,850	33,950	8.1%	450,850	-	0.0%
Maintenance	21,188	20,000	20,000	-	0.0%	20,000	-	0.0%
Operating Equipment & Systems	497,569	205,000	207,500	2,500	1.2%	207,500	-	0.0%
Operating Supplies	124,599	116,400	111,400	(5,000)	-4.3%	111,400	-	0.0%
Insurance	-	-	-	-	0.0%	-	-	0.0%
Employee Programs	269,140	211,950	218,550	6,600	3.1%	218,535	(15)	0.0%
Business Development	260,392	137,400	120,050	(17,350)	-12.6%	121,250	1,200	1.0%
Equipment Rentals & Repairs	1,829,661	2,133,695	2,144,578	10,883	173.1%	2,267,126	122,548	-7.6%
Tenant Improvements	(2,628)	-	10,000	10,000	0.0%	10,000	-	0.0%
Total Non-Personnel Expenses	16,861,753	16,539,451	16,441,358	(98,093)	-0.6%	16,739,592	298,234	1.8%
Total Operating Expenses	25,173,709	26,653,232	26,673,799	20,567	0.1%	27,648,613	974,815	3.7%
Non-Operating Expenses:								
Joint Studies/Sound Attenuation	-	-	-	-	0.0%	-	-	0.0%
Debt Service	-	-	-	-	0.0%	-	-	0.0%
Legal Settlements Expense	-	-	-	-	0.0%	-	-	0.0%
Total Non-Operating Expenses	-	-	-	-	0.0%	-	-	0.0%
Total Expenses	25,173,709	26,653,232	26,673,799	20,567	0.1%	27,648,613	974,815	3.7%
Equipment Outlay	323,627	200,000	500,000	300,000	150.0%	500,000	-	0.0%
Total Finance & Asset Management	\$ 25,497,336	\$ 26,853,232	\$ 27,173,799	\$ 320,567	1.2%	\$ 28,148,613	\$ 974,815	3.6%

FY 2018 – 2019 Budget Major Drivers

Finance & Asset Management Division

	Inc/(Dec) FY18 vs FY17	Inc/(Dec) FY19 Conceptual vs FY18
FY 2017 Budget / FY 2018 Budget	\$ 26,853,232	\$ 27,173,799
Personnel Costs		
Burden (benefits & employer taxes) for current staff	291,387	499,139
1 position of Manager, Capability & Planning (salaries & burden) transferred from Executive Division	146,619	-
Salary adjustments and pay-for-performance	124,492	301,757
1 new position of Program Manager (salaries & burden)	117,431	-
Vacancy savings in salaries, benefits and other	(561,269)	(124,316)
Total Increase / (Decrease) in Personnel Costs*	118,661	676,580
Authority wide computer replacement	310,000	(50,000)
Budget Software License Fees and Implementation	75,000	(25,000)
Credit card fees	(19,001)	190,001
Common use equipment maintenance cost	(35,564)	105,205
Small Business Development Contractual services	(205,000)	-
Other, net	76,472	78,028
Total Increase / (Decrease) in Non-Personnel Costs	201,907	298,234
Total Increase / (Decrease)	320,567	974,815
FY 2018 Budget / FY 2019 Conceptual Budget	\$ 27,173,799	\$ 28,148,613

*Personnel costs include vacancy savings



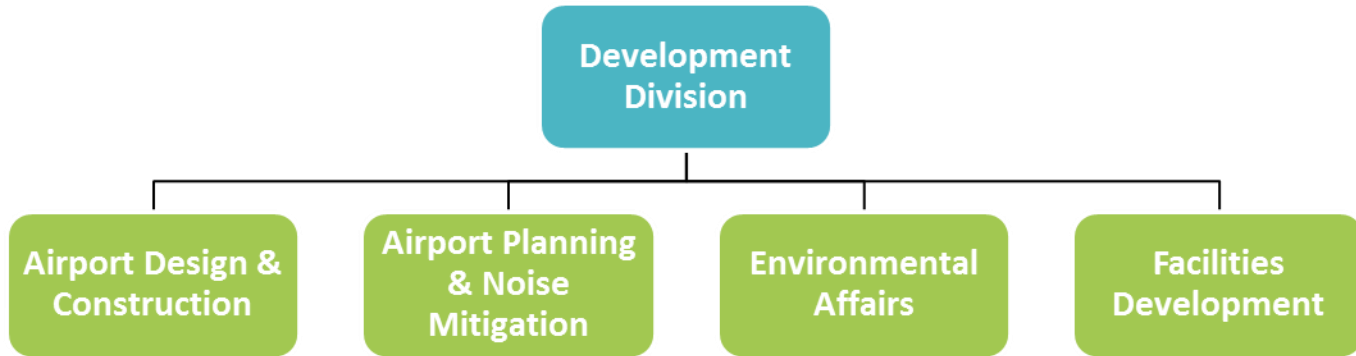
Development Division



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FY 2018 – 2019 Organizational Structure



FY 2018 – 2019 Budget Expense Summary

	FY 2016 Actuals	FY 2017 Budget	FY 2018 Proposed Budget	Inc / (Dec) FY 18 Proposed vs FY 17 Budget	% Change	FY 2019 Proposed Conceptual Budget	Inc / (Dec) FY 19 Conceptual vs FY 18 Budget	% Change
Operating Expenses:								
Personnel Expenses								
Salaries and Wages	\$ 6,841,070	\$ 7,125,587	\$ 7,388,281	\$ 262,693	3.7%	\$ 7,726,786	\$ 338,505	4.6%
Premium Overtime	7,712	20,000	20,000	-	0.0%	20,000	-	0.0%
Employee Benefits	2,946,225	3,244,931	3,523,961	279,030	8.6%	4,015,823	491,862	14.0%
Subtotal	9,795,006	10,390,518	10,932,242	541,723	5.2%	11,762,608	830,367	7.6%
Less: Capitalized Labor	(5,117,232)	(5,733,173)	(5,983,070)	(249,897)	4.4%	(6,537,388)	(554,318)	9.3%
Less: QHP - Labor/Burden/Labor Overhead	(740,644)	(662,631)	(717,096)	(54,465)	8.2%	(769,358)	(52,262)	7.3%
Total Personnel Expenses	3,937,130	3,994,714	4,232,076	237,362	5.9%	4,455,862	223,786	5.3%
Non-Personnel Expenses								
Contractual Services	5,096,482	4,971,143	5,439,466	468,323	9.4%	5,085,084	(354,383)	-6.5%
Safety and Security	-	-	-	-	0.0%	-	-	0.0%
Space Rental	-	-	-	-	0.0%	-	-	0.0%
Utilities	3,000	10,000	20,600	10,600	106.0%	20,600	-	0.0%
Maintenance	962,581	1,984,243	1,477,000	(507,243)	-25.6%	1,427,000	(50,000)	-3.4%
Operating Equipment & Systems	8,520	(5,486)	12,828	18,314	-333.8%	13,760	932	7.3%
Operating Supplies	62,792	39,497	33,609	(5,887)	-14.9%	32,784	(825)	-2.5%
Insurance	-	-	-	-	0.0%	-	-	0.0%
Employee Programs	215,927	292,590	251,130	(41,461)	-14.2%	229,566	(21,564)	-8.6%
Business Development	163,294	179,219	189,819	10,600	5.9%	184,819	(5,000)	-2.6%
Equipment Rentals & Repairs	111,436	277,791	255,159	(22,632)	-20.4%	253,393	(1,766)	1.3%
Tenant Improvements	742,250	900,000	850,000	(50,000)	-5.6%	850,000	-	0.0%
Total Non-Personnel Expenses	7,366,283	8,648,997	8,529,612	(119,385)	-1.4%	8,097,006	(432,605)	-5.1%
Total Operating Expenses	11,303,413	12,643,711	12,761,687	117,977	0.9%	12,552,868	(208,819)	-1.6%
Non-Operating Expenses:								
Joint Studies/Sound Attenuation	12,372,101	14,834,811	14,640,000	(194,811)	-1.3%	14,640,000	-	0.0%
Debt Service	-	-	-	-	0.0%	-	-	0.0%
Legal Settlements Expense	-	-	-	-	0.0%	-	-	0.0%
Total Non-Operating Expenses	12,372,101	14,834,811	14,640,000	(194,811)	-1.3%	14,640,000	-	0.0%
Total Expenses	23,675,514	27,478,522	27,401,687	(76,834)	-0.3%	27,192,868	(208,819)	-0.8%
Equipment Outlay	48,120	-	-	-	0.0%	-	-	0.0%
Total Development Division Expenses	\$ 23,723,634	\$ 27,478,522	\$ 27,401,687	\$ (76,834)	-0.3%	\$ 27,192,868	\$ (208,819)	-0.8%

FY 2018 – 2019 Budget Major Drivers

Development Division

	Inc / (Dec) FY 18 vs FY 17	Inc / (Dec) FY 19 Conceptual vs FY 18
	\$	\$
FY 2017 Budget / FY 2018 Budget	27,478,522	27,401,687
Personnel costs		
Burden (benefits & employer taxes) for current staff	279,030	474,828
Salary adjustments and pay-for-performance	262,693	294,571
1 new position of Sr. Airport Planner (salaries & burden)	-	60,968
Capitalized labor	(304,361)	(606,580)
Total Increase / (Decrease) in personnel costs	237,362	223,786
Quieter Home Program (QHP) Grant and PFCs Ineligible Costs	600,000	-
Environmental Requirements	500,000	-
Quarterly Noise Reports & Noise Monitoring	120,000	(50,000)
Planning and land use projects	(150,000)	(275,000)
Annual & Major Maintenance	(477,243)	(50,000)
QHP Grant and PFCs Eligible Costs	(794,811)	-
Other, net	(112,142)	(57,605)
Total Increase / (Decrease) in Non-Personnel Costs	(314,196)	(432,605)
Total Increase / (Decrease)	(76,834)	(208,819)
FY 2018 Budget / FY 2019 Conceptual Budget	\$ 27,401,687	\$ 27,192,868



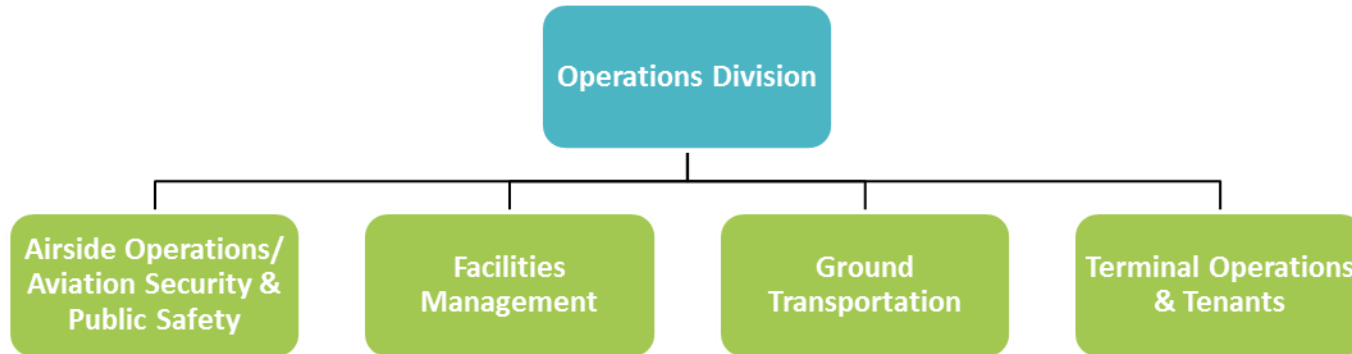
Operations Division



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FY 2018 – 2019 Organizational Structure



FY 2018 – 2019 Budget Expense Summary

	FY 2016 Actuals	FY 2017 Budget	FY 2018 Proposed Budget	Inc / (Dec) FY 18 Proposed vs FY 17 Budget	% Change	FY 2019 Proposed Conceptual Budget	Inc / (Dec) FY 19 Conceptual vs FY 18 Budget	% Change
Operating Expenses:								
Personnel Expenses								
Salaries and Wages	\$ 13,528,050	\$ 13,764,873	\$ 15,064,227	\$ 1,299,355	9.4%	\$ 15,774,626	\$ 710,399	4.7%
Premium Overtime	601,174	494,500	577,000	82,500	16.7%	577,000	-	0.0%
Employee Benefits	6,562,815	6,994,407	7,734,737	740,331	10.6%	8,775,796	1,041,059	13.5%
Subtotal	20,692,038	21,253,779	23,375,965	2,122,186	10.0%	25,127,423	1,751,458	7.5%
Less: Capitalized Labor	(86,635)	(100,000)	(318,604)	(218,604)	218.6%	(335,741)	(17,137)	5.4%
Less: QHP - Labor/Burden/Labor Overhead	-	-	-	-	0.0%	-	-	0.0%
Total Personnel Expenses	20,605,404	21,153,779	23,057,361	1,903,582	9.0%	24,791,682	1,734,321	7.5%
Non-Personnel Expenses								
Contractual Services	26,864,364	32,609,493	34,967,343	2,357,851	7.2%	37,102,832	2,135,488	6.1%
Safety and Security	28,721,250	29,061,387	31,064,556	2,003,169	6.9%	32,964,718	1,900,162	6.1%
Space Rental	-	-	-	-	0.0%	-	-	0.0%
Utilities	11,099,247	12,474,338	11,777,893	(696,446)	-5.6%	12,460,470	682,577	5.8%
Maintenance	13,137,971	12,661,524	13,855,342	1,193,818	9.4%	13,868,254	12,912	0.1%
Operating Equipment & Systems	140,627	142,000	110,500	(31,500)	-22.2%	110,500	-	0.0%
Operating Supplies	288,781	252,990	293,280	40,290	15.9%	284,350	(8,930)	-3.0%
Insurance	-	-	-	-	0.0%	-	-	0.0%
Employee Programs	202,072	241,735	247,850	6,115	2.5%	220,850	(27,000)	-10.9%
Business Development	405,544	121,354	152,290	30,936	25.5%	124,595	(27,695)	-18.2%
Equipment Rentals & Repairs	110,241	220,736	196,143	(24,593)	62.7%	174,967	(21,176)	-35.5%
Tenant Improvements	-	-	-	-	0.0%	-	-	0.0%
Total Non-Personnel Expenses	80,970,098	87,785,556	92,665,197	4,879,640	5.6%	97,311,535	4,646,338	5.0%
Total Operating Expenses	101,575,501	108,939,336	115,722,558	6,783,222	6.2%	122,103,217	6,380,659	5.5%
Non-Operating Expenses:								
Joint Studies/Sound Attenuation	-	-	-	-	0.0%	-	-	0.0%
Debt Service	-	-	-	-	0.0%	-	-	0.0%
Legal Settlements Expense	-	-	-	-	0.0%	-	-	0.0%
Other Non-Operating Expense	4,000	-	-	-	0.0%	-	-	0.0%
Total Non-Operating Expenses	4,000	-	-	-	0.0%	-	-	0.0%
Total Expenses	101,579,501	108,939,336	115,722,558	6,783,222	6.2%	122,103,217	6,380,659	5.5%
Equipment Outlay	1,787,172	1,225,650	937,000	(288,650)	-23.6%	867,000	(70,000)	-7.5%
Total Operations Division Expenses	\$ 103,366,674	\$ 110,164,986	\$ 116,659,558	\$ 6,494,572	5.9%	\$ 122,970,217	\$ 6,310,659	5.4%

FY 2018 – 2019 Budget Major Drivers

Operations Division

	Inc / (Dec) FY 18 vs FY 17	Inc / (Dec) FY 19 Conceptual vs FY 18
FY 2017 Budget / FY 2018 Budget	\$ 110,164,986	\$ 116,659,558
Personnel Costs		
Salary adjustments, contracted wage increases and pay-for-performance	828,883	513,599
Burden (benefits & employer taxes) for current staff	624,622	1,013,116
2 new positions of Aviation Security & Public Safety Director and Aviation Security & Public Safety Specialist I (salaries & burden)	247,659	-
2 new positions of Energy Manager and Inspector, Planner & Estimator (salaries & burden)	202,417	112,850
1 new position of Security & Emergency Response Coordinator (salaries & burden)	-	94,756
Total Increase / (Decrease) in Personnel Costs	\$ 1,903,582	\$ 1,734,321

FY 2018 – 2019 Budget Major Drivers (cont'd)

Operations Division

	Inc / (Dec) FY 18 vs FY 17	Inc / (Dec) FY 19 Conceptual vs FY 18
Parking and shuttle operations	\$ 2,181,843	\$ 418,132
Law enforcement costs - Harbor Police Department	1,722,136	1,451,352
Annual Maintenance	1,193,818	(385,788)
Contractual Services	389,950	(79,600)
Security guard services	350,000	67,000
Communication Center	242,029	5,242
Concession Development Program Hood, Duct, Vent Cleaning & Maintenance Services	166,000	-
Aircraft Rescue and Fire Fighting (ARFF) contract costs	156,862	161,568
Parking Plaza Operations and Maintenance	-	1,250,000
New FIS Maintenance	-	250,000
Access control system	(400,000)	-
Rental Car Center Busing	(506,989)	789,453
Utilities	(700,371)	678,570
Other, net	(204,287)	(29,590)
Total Increase / (Decrease) in Non-Personnel Costs	4,590,990	4,576,338
Total Increase / (Decrease)	6,494,572	6,310,659
FY 2018 Budget / FY 2019 Conceptual Budget	\$ 116,659,558	\$ 122,970,217

Debt Service



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FY 2018 – 2019 Budget Expense Summary

	FY 2016 Actuals	FY 2017 Budget	FY 2018 Conceptual	FY 2018 Proposed Budget	Inc / (Dec) FY 18 Proposed vs FY 17 Budget	% Change	Inc / (Dec) FY 18 Proposed vs FY 18 Conceptual Budget	% Change	FY 2019 Proposed Conceptual Budget	Inc / (Dec) FY 19 Conceptual vs FY 18 Budget	% Change
Principal on Variable Rate Debt	\$ 6,124,000	\$ 6,123,000	\$ 14,948,859	\$ 6,275,000	\$ 152,000	2.5%	\$ (8,673,859)	-58.0%	\$ 6,444,000	\$ 169,000	2.7%
Interest on Variable Rate Debt	309,624	782,725	1,674,930	576,338	(206,387)	-66.7%	(1,098,592)	-65.6%	423,823	(152,515)	-26.5%
Principal on Revenue Bonds	11,090,000	11,585,000	12,130,000	12,130,000	545,000	4.9%	-	0.0%	12,685,000	555,000	4.6%
Interest on Revenue Bonds	49,566,399	49,066,198	48,523,498	64,531,020	15,464,821	31.2%	16,007,521	33.0%	68,643,688	4,112,669	6.4%
Principal on Special Facility Bonds	-	-	5,580,000	5,580,000	5,580,000	0.0%	-	0.0%	5,720,000	140,000	2.5%
Interest on Special Facility Bonds	16,342,210	16,341,210	16,341,210	16,341,210	-	0.0%	-	0.0%	16,199,646	(141,565)	-0.9%
Principal & Interest Expense – Capitalized Leases	684,066	877,298	877,298	877,298	-	0.0%	-	0.0%	877,298	-	0.0%
Cost of Issuance and other Fees	341,859	219,636	70,312	2,440,001	2,220,365	649.5%	2,369,689	3370.3%	2,582,791	142,790	5.9%
Amortization of Bond Premiums	(4,243,249)	(4,153,112)	(4,059,229)	(4,059,229)	93,883	-2.2%	-	0.0%	(3,893,946)	165,282	-4.1%
Total Debt Service	\$ 80,214,909	\$ 80,841,954	\$ 96,086,878	\$ 104,691,638	\$ 23,849,684	29.7%	\$ 8,604,760	9.0%	\$ 109,682,299	\$ 4,990,661	4.8%



Capital Program Budget Fiscal Years 2018 – 2022



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CIP Project Development Process

Annual Validation of Current CIP

- Revisit the projects for purpose and need
- Review scope, schedule and budget
- Develop projects risk profile: assessment, quantification and mitigation plan
- Prepare recommendations to the Board for any project adjustments

New CIP Projects

- Sponsors submit project requests
- Project is defined – Develop scope, schedule and budget
- Working Group/Technical review - Assessments conducted with sponsors & stakeholders, financial business case, risk/alternatives identification, planning & environmental impacts, capitalization & O&M costs
- Results presented to CIC Review Group – Director of Planning, Finance & Development
- Recommendations are made for prioritization to the Capital Improvement Committee (CIC)

CIP Project Development Process

- CIC reviews and approves proposed CIP budget to be taken to the Board
- Proposed CIP presented to Airlines for input and feedback
- Board reviews and approves Capital Program budget

Capital Program Overview

- 5 Year Program
- Reviewed by the Capital Improvement Program Oversight committee (CIPOC)
- Approved by the Board Annually
- Managed by Capital Improvement Committee (CIC) – CEO & Vice Presidents
- **Current Total Capital Program – 85 projects – \$1.177 Billion**
 - Capital Improvement Program (CIP) – \$631.4 Million
 - Rental Car Center – \$316.1 Million
 - Terminal 2 West FIS Build-out – \$229.5 Million

Current Capital Program – Project Status

Project Location	Planning	Design	Construction	Closeout/Closed	Program*	Total
Airside	7	4	1	5	-	17
Terminal	5	5	4	4	-	18
Landside/Ancillary	12	8	2	15	-	37
Administrative	4	1	2	4	2	13
Total	28	18	9	28	2	85

* Public Art Allowance and Capital Project Allowance

Current FY 2017 – 2021 Capital Program – Budget by Location

Project Location	# Projects	Program Budgets by Location
Airside	17	\$ 204,825,629
Terminal	18	117,849,314
Landside/Ancillary	37	826,320,430
Administrative	<u>13</u>	<u>28,005,974</u>
Totals	85	\$ <u>1,177,001,347</u>

Current FY 2017 – 2021 Capital Program – Project Closeouts/Cancellations/Adjustments

Project Cancellations (5)	\$ (15,717,215)
Project Closeouts (16)	(72,989,306)
Project Adjustments (46)	6,663,070
Rental Car Center	<u>(313,124,104)</u>
Total FY2017 Closeouts/Cancellations/Adj.	\$ <u>(395,167,555)</u>

Capital Program Budget Summary

FY 2017 - 2021 Capital Program	\$ 631,403,029
Rental Car Center	<u>316,124,104</u>
FY 2017 - 2021 Beginning Capital Program Budget	\$ 947,527,133
Terminal 2 West FIS Build-out	229,474,214
FY 2017 - 2021 Project Closeouts/Cancellations/Adjustments	\$ <u>(395,167,555)</u>
FY 2017 - 2021 Ending Capital Program Balance	\$ 781,833,792

Proposed New FY 2018 – 2022 CIP Projects

	Description	Estimated Budget
1)	Airfield Stormwater Treatment Control BMPs	\$ 5,852,900
2)	FAR Part 150 Study Update	1,800,000
3)	Rehabilitate Cross Taxiways C1, C2, C5 & D	12,050,200
4)	Airside Electric Vehicle Supply Equipment	4,718,150
5)	Landside Electric Vehicle Supply Equipment	2,725,100
6)	Replace Baggage Screening Equipment	10,000,000
7)	Airline Relocations at T1W and T2E	25,000,000
8)	Terminal 2 Post Security Information Desk	589,900

Proposed New FY 2018 – 2022 CIP Projects

	Description	Estimated Budget
9)	Identity Management System	\$ 931,000
10)	Battery Energy Storage	697,600
11)	Northside Utility Infrastructure	24,279,700
12)	Northside RON Parking – Phase I	40,365,850
13)	Northside RON Parking – Phase II	23,282,300
14)	Bus Parking, Propane/CNG Rack, Ground Transportation Ops	30,699,550
15)	Northside Airport Parking	13,755,790
16)	Cell Phone Lot Relocation	1,528,315

Proposed New FY2018 – 2022 CIP Projects

	Description	Estimated Budget
17)	Airline Provisioning & Belly Cargo	\$ 32,185,810
18)	Airline Maintenance Facility	31,022,705
19)	Facilities Maintenance Department Shops, Storage and Offices	33,328,350
20)	Fuel Rack Relocation & Hydrant Fueling FIS Gates	51,433,275
21)	Solid Waste Disposal and Recycling Facility	10,444,300
22)	Triturator and Vehicle Wash Facility	7,693,930
23)	Stormwater/Condensate Reuse	<u>50,196,850</u>
	Total FY 2018-2022 Proposed New Capital Projects	\$ 414,581,575

Proposed FY 2018 – 2022 Capital Project Adjustments/ Allowances

	Description	Current Budget	Additional Budget	Estimated Budget
1)	Rehabilitate T1 Loop Pavement (2019)	5,582,000	305,600	5,887,600
2)	Rehabilitate T2E Loop Pavement (2020)	2,111,000	163,220	2,274,220
3)	Relocate Taxiway A (2021-2022)	36,900,000	1,723,450	38,623,450
4)	Capital Project Allowance (FY 2018)	-	5,000,000	5,000,000
5)	Public Art Allowance	1,113,026	126,167	1,239,193
6)	FMD Capital Allowance (FY 2018-2022)	10,024,713	<u>4,120,129</u>	14,144,842
Total Proposed Current CIP Project Adj./Allowances			11,438,566	
Total Proposed FY 2018-2022 New Capital Projects			414,581,575	
Total FY 2018-2022 Proposed New CIP Project & Allowance			\$ <u>426,020,141</u>	

Capital Program Budget Summary

FY 2017 - 2021 Capital Program	\$ 631,403,029
Rental Car Center	<u>316,124,104</u>
FY 2017 - 2021 Beginning Capital Program Budget	\$ 947,527,133

Terminal 2 West FIS Build-out	\$ 229,474,214
FY 2017 - 2021 Project Closeouts/Cancellations/Adjustments	<u>(395,167,555)</u>
FY 2017 - 2021 Ending Capital Program Balance	\$ 781,833,792

Proposed FY 2018 - 2022 Capital Projects/Allowances	\$ <u>426,020,141</u> *
Proposed FY 2018 - 2022 Capital Program Budget	\$ <u>1,207,853,933</u>

* Pending Board approval

Current/Proposed Capital Program – Project Locations

Capital Program Budget:

\$1,177,001,346

\$1,207,853,933

Project Location	FY 2017-2021	FY 2018-2022
Airside	15	23
Terminal	18	18
Landside/Ancillary	39	38
Administrative	<u>13</u>	<u>14</u>
Totals	85	93

Prioritization Criteria

1	Preserve Part 139 or other regulatory compliance
2	Preserve physical plant functions - Fire/Life/Safety, M/E/P and Core Network
3	Preserve Airport access, roadways, and parking
4	Enhance safety or security
5	Enhance customer service / revenue / cost savings

Airfield Stormwater Treatment Control BMPs



Airfield Stormwater Treatment Control BMPs

Scope:

- Design/Install treatment control BMPs to reduce copper & zinc levels in water runoff
- Comply with State Industrial General Permit & San Diego County MS4 Permit to prevent pollution of San Diego bay & avoid fines for non-compliance
- Utilize construction of other Airport projects to install drains, etc.

Strategies:

- Customer
- Operations

1	Preserve Part 139 or other regulatory compliance
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Estimated Cost	Duration
\$5,852,900	18 months

FAR Part 150 Study Update

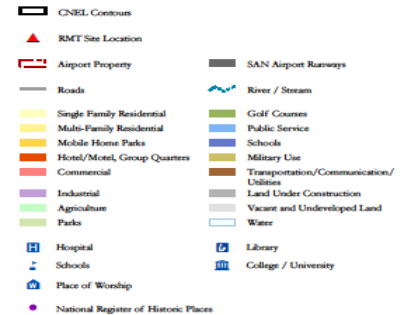


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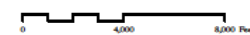
14 CFR Part 150 Update

Forecast Condition (2014) Noise Exposure Map

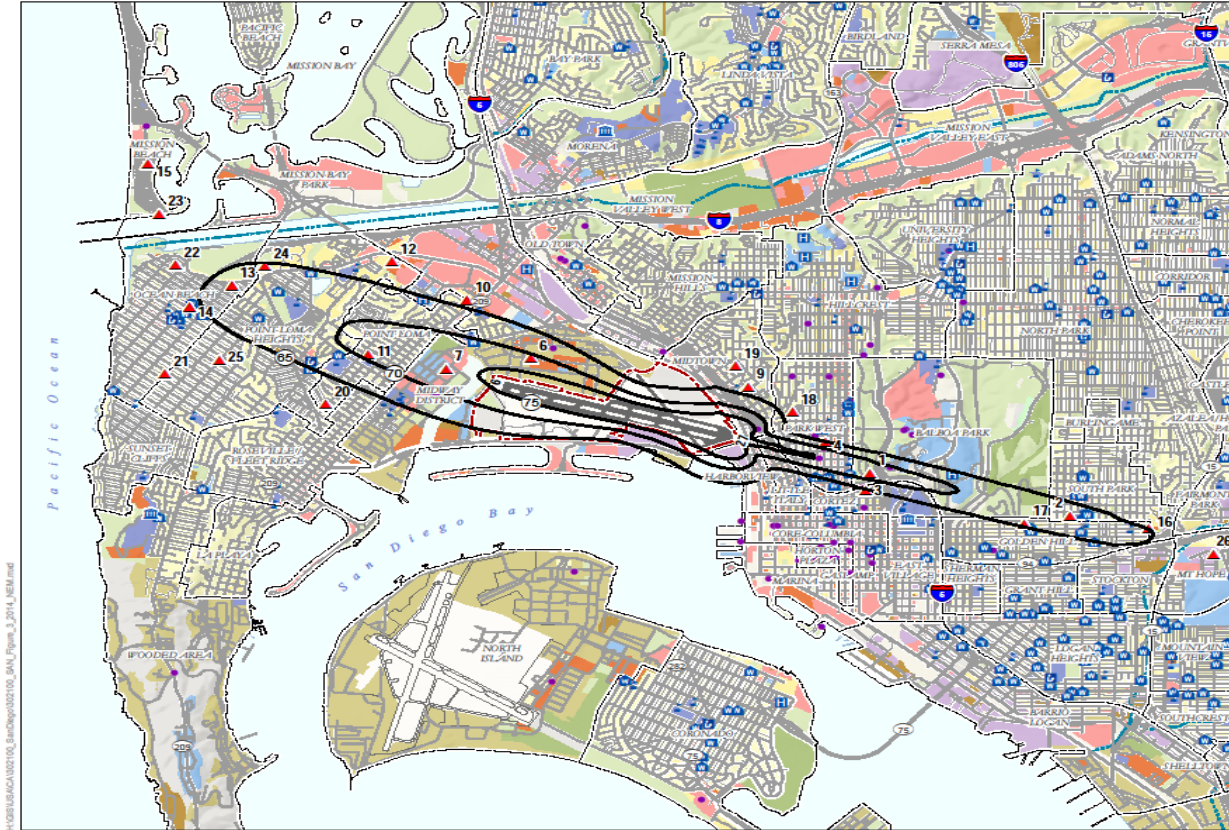
Figure 3



Data Sources: San Diego International Airport; San Diego Association of Governments (SANDAG); City of San Diego and County of San Diego (SanGIS); Environmental Systems Research Institute, Inc. (ESRI).



HARRIS MILLER MILLER & HANSON INC.



HARRIS MILLER MILLER & HANSON INC. SAN DIEGO, CA 92161

FAR Part 150 Study Update

Scope:

- Update Noise Exposure Maps (NEMs) using FAA software & develop Noise Compatibility Program (NCP) report
- Provides detailed existing & 5-year future airport/aircraft noise exposure patterns
- Evaluate Noise Abatement and Noise Mitigation options/program (QHP)
- Potential funding from AIP Grant

Strategies:

- Customer
- Operations
- Community

1	Preserve Part 139 or other regulatory compliance
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Estimated Cost	Duration
\$1,800,000	24 months

Rehabilitate Cross Taxiways C1, C2, C5 & D



Rehabilitate Cross Taxiways C1, C2, C5 & D

Scope:

- Rehabilitate cross taxiways per 2015 Pavement Management Study
- Mill and overlay nominal 5-6" full depth asphalt replacement on taxiways C2, C5 & D
- Reconstruct a portion of taxiway C1 with concrete pavement

Strategies:

- Customer
- Operations

1	Preserve Part 139 or other regulatory compliance
---	--

Estimated Cost	Duration
\$12,050,200	20 months

Airside Electric Vehicle Supply Equipment



Airside Electric Vehicle Supply Equipment

Scope:

- Install approximately 75 Electrical Vehicle Supply Equipment (EVSE) ports at T2 gates
- Replace approximately 25 outdated EVSE ports at T2 gates
- More flexibility in assigning gates to airlines with electric equipment
- Potential funding from SDG&E or VW Settlement

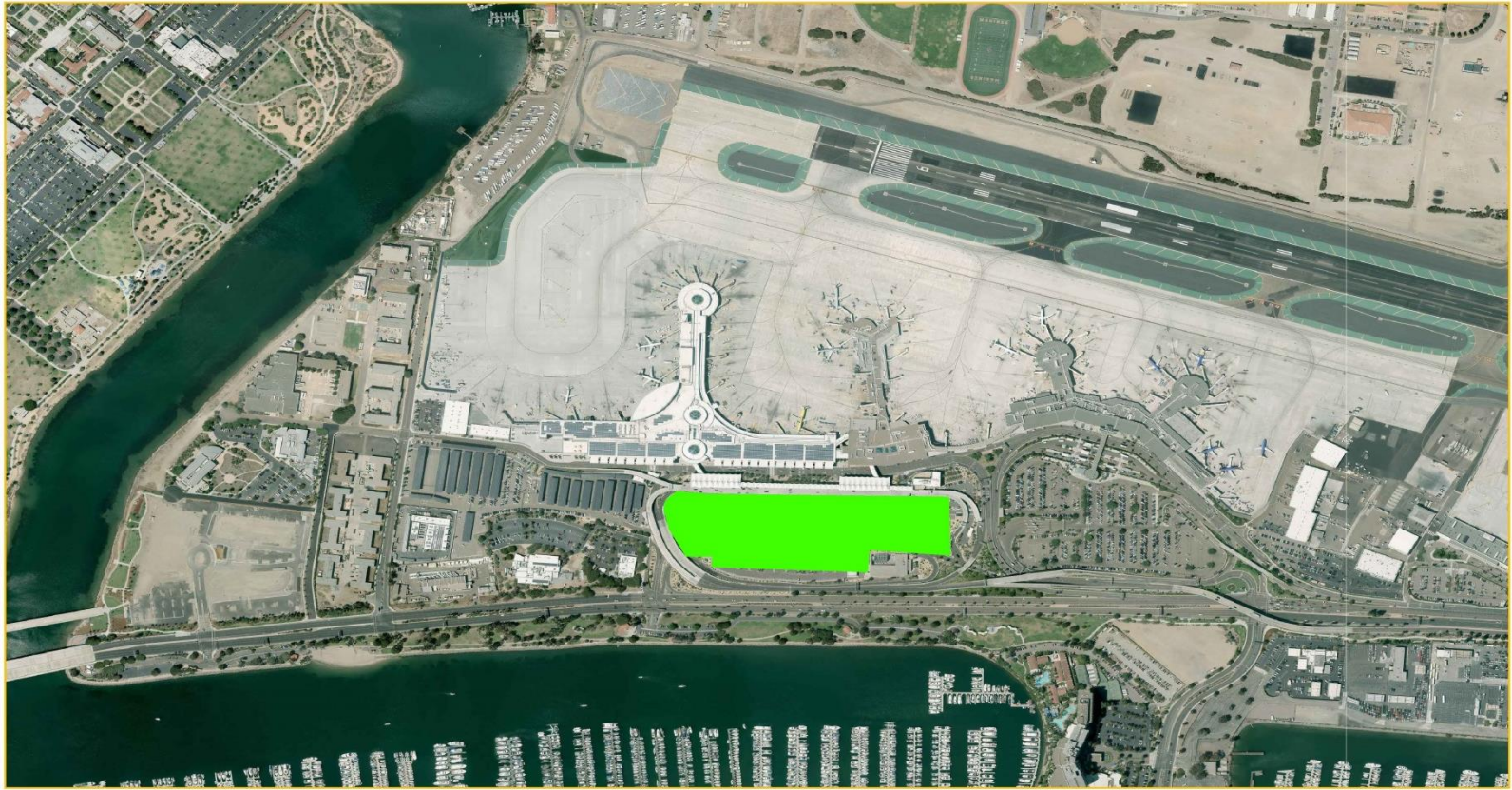
Strategies:

- Financial
- Customer
- Operations

5	Enhance customer service / revenue / cost savings
----------	--

Estimated Cost	Duration
\$4,718,150	18 months

Landside Electric Vehicle Supply Equipment



Landside Electric Vehicle Supply Equipment

Scope:

- Install up to 65 EVSE ports at T2 Parking Plaza and other parking areas
- Better meet passenger and employee demand for electric vehicle charging
- Potential funding from SDG&E or VW Settlement

Strategies:

- Financial
- Customer
- Operations

3	Preserve Airport access, roadways, and parking
----------	---

Estimated Cost	Duration
\$2,725,100	17 months

Replace Baggage Screening Equipment



Replace Baggage Screening Equipment

Scope:

- Replace 7 Explosive Detection System (EDS) units in T1E and T2E and supporting equipment
- Current equipment unable to meet latest standards set by TSA; outdated software
- TSA to reimburse for installation & integration of units

Strategies:

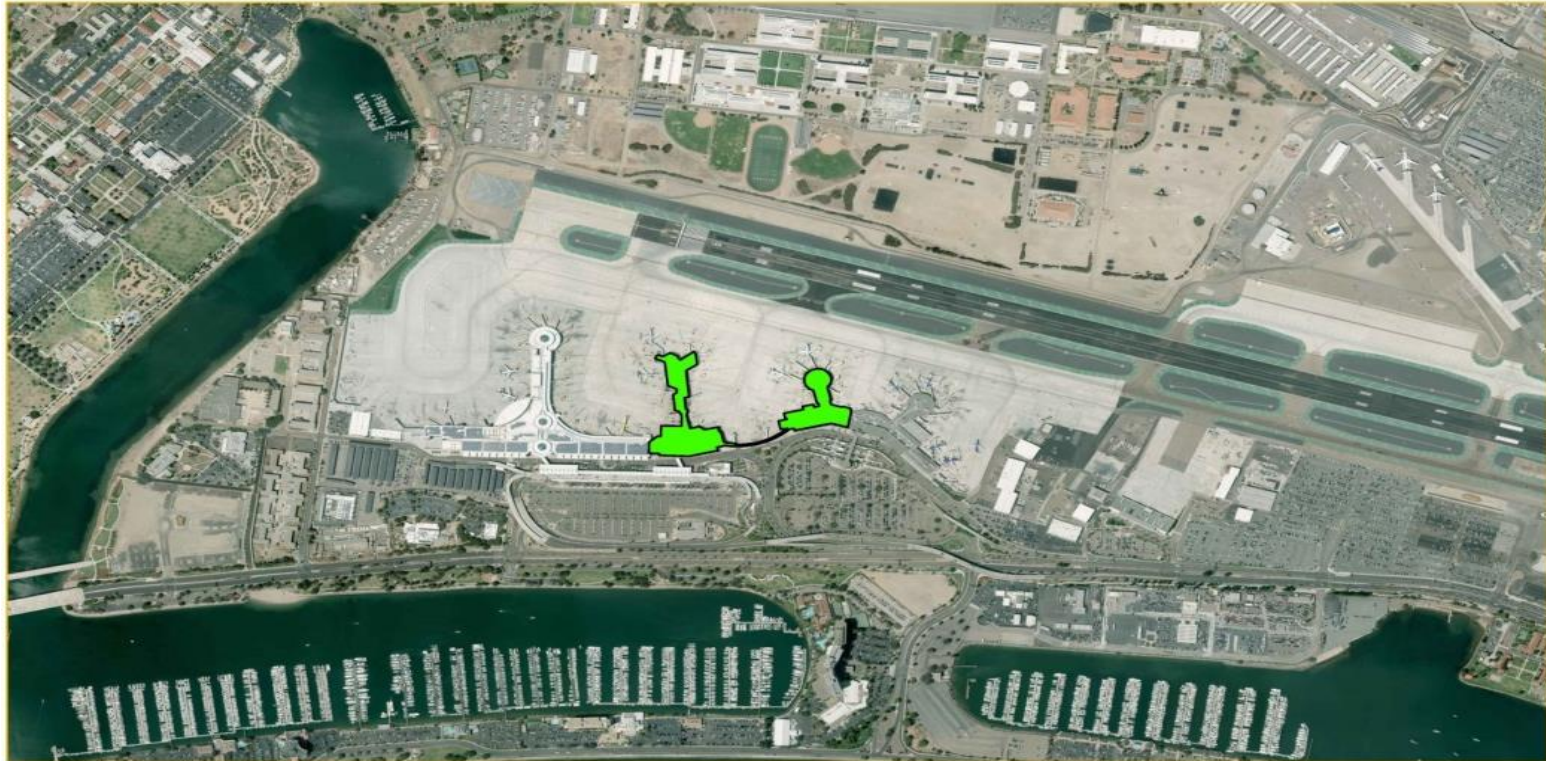
- Customer
- Operations

2

Preserve physical plant functions - Fire/Life/Safety, M/E/P and Core Network

Estimated Cost	Duration
\$10,000,000	18 months

Airline Relocations at T1W and T2E



Airline Relocations at T1W and T2E

Scope:

- Provide common use processors (CUP) in T1W
- Build-out new airline offices in existing FIS & airline spaces in T1W & T2E
- Build-out additional lane at T2E security checkpoint
- Supports airline growth

Strategies:

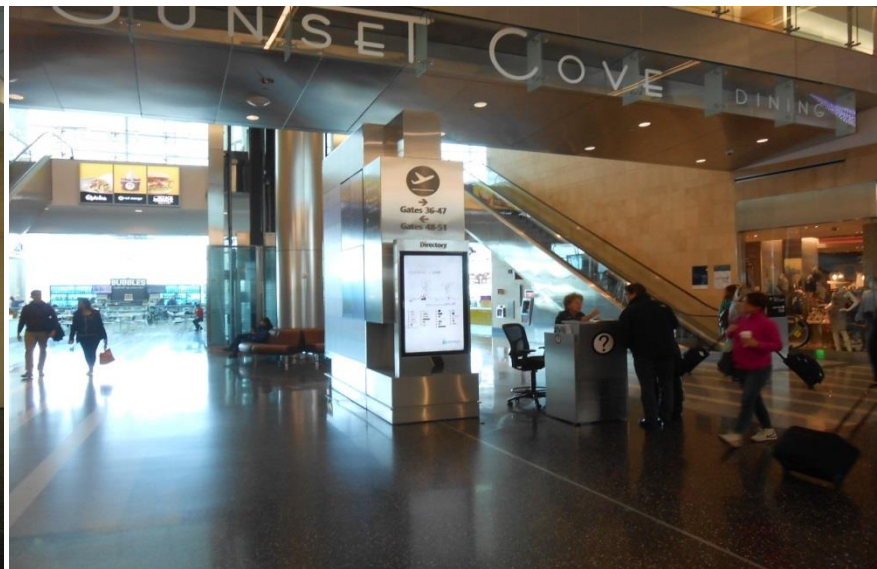
- Financial
- Customer
- Operations

2

Preserve physical plant functions - Fire/Life/Safety, M/E/P and Core Network

Estimated Cost	Duration
\$25,000,000	24 months

Terminal 2 Post Security Information Desk



Terminal 2 Post Security Information Desk

Scope:

- New desk at entrance to Sunset Cove
- Equip with computers, phone, etc.
- Enhance customer service

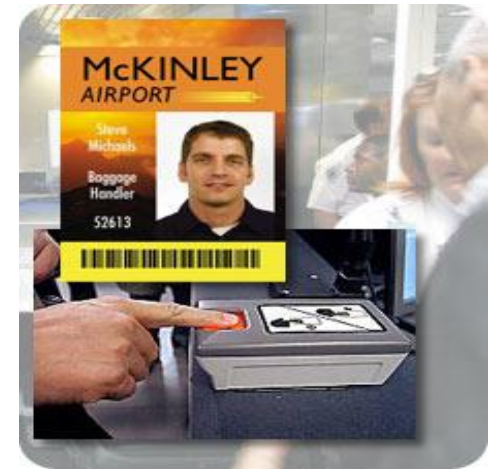
Strategies:

- Customer
- Operations

5	Enhance customer service / revenue / cost savings
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Estimated Cost	Duration
\$589,900	18 months

Identity Management System



Identity Management System

Scope:

- Procure system that integrates access control, fingerprinting & computer-based training into a single interface
- Integration of TSA vetting/credentialing process with Authority's system
- Provides a more efficient management of individual identities and security credentials

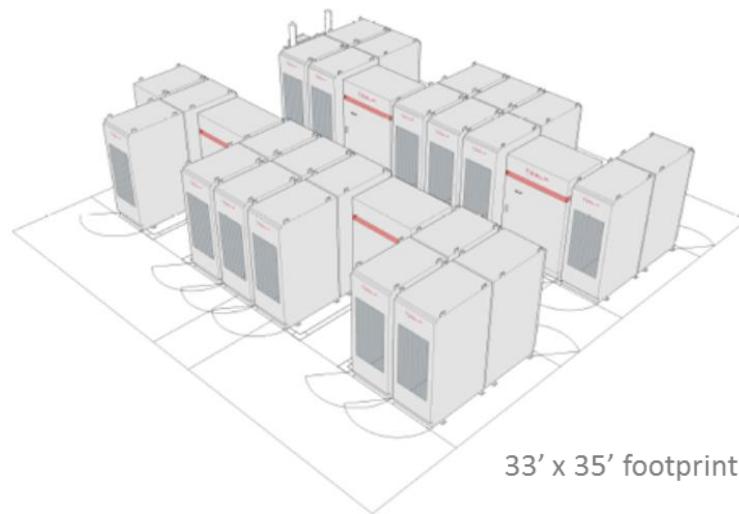
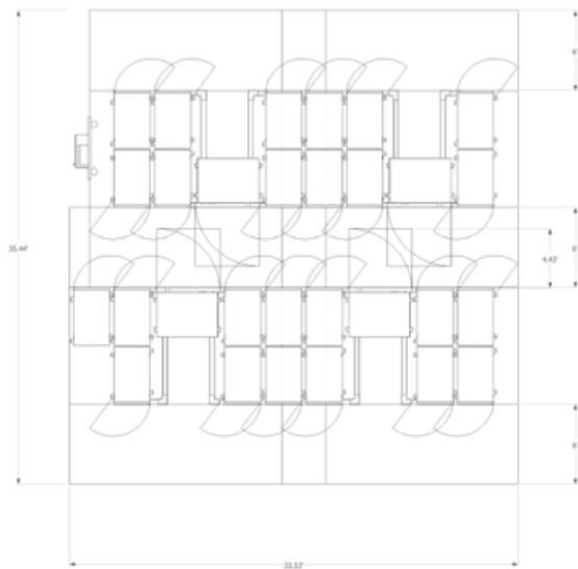
Strategies:

- Financial
- Operations

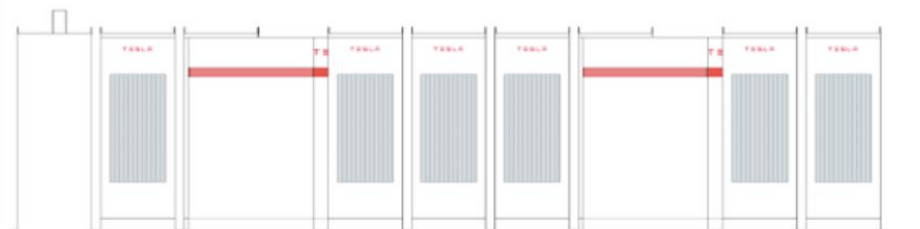
4	Enhance safety or security
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Estimated Cost	Duration
\$931,000	16 months

Battery Energy Storage



33' x 35' footprint



Battery Energy Storage

Scope:

- Install up to 2.5 MW battery energy storage systems
- Tie system into the 12 kV micro-grid to charge/discharge stored energy
- Reduce peak electricity demand and associated costs

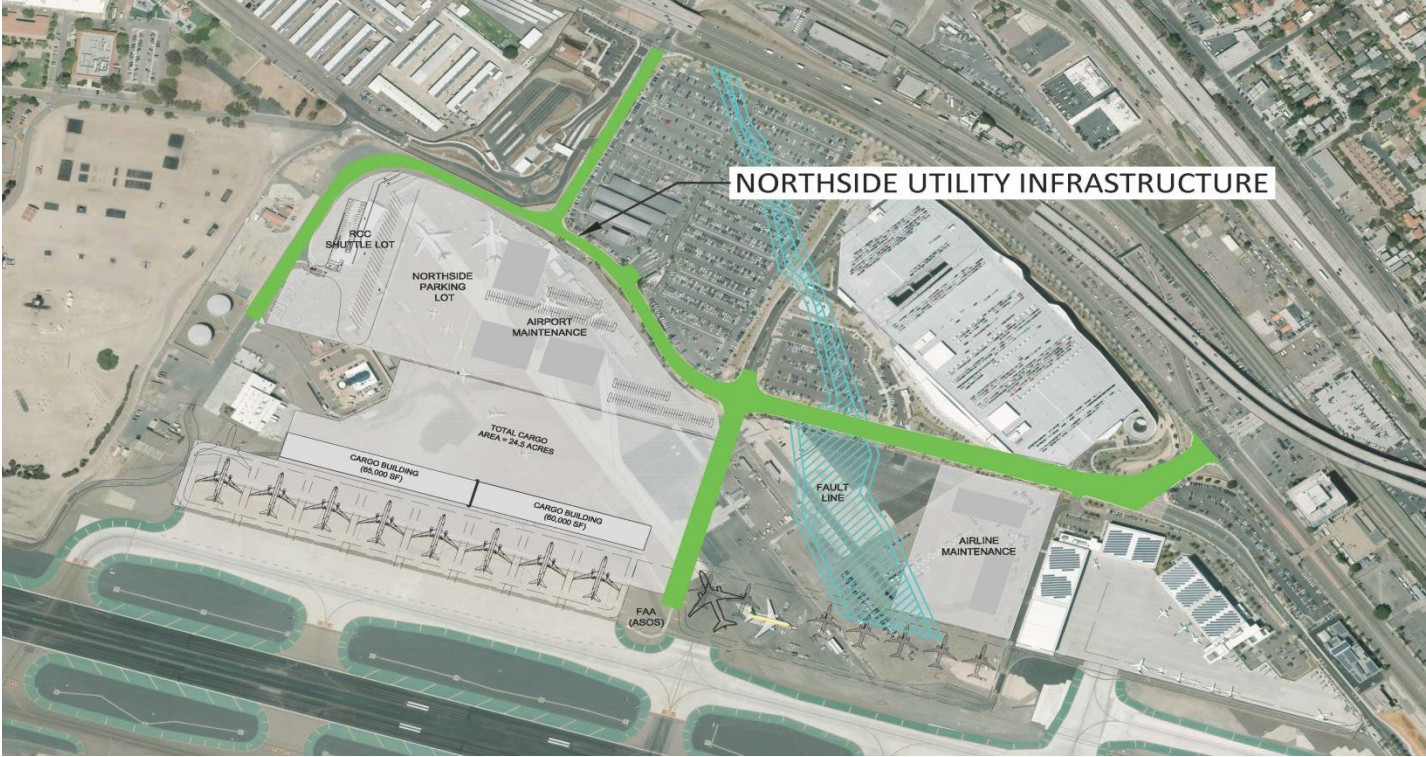
Strategies:

- Financial
- Operations

5	Enhance customer service / revenue / cost savings
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Estimated Cost	Duration
\$697,600	8 months

Northside Utility Infrastructure



Northside Utility Infrastructure

Scope:

- Provide new common site infrastructure - utilities, roads, exterior lighting, AOA gate and AOA fencing for Northside improvements including Airline Maintenance, Busing Operations, Airport Parking, North Cargo and North RON's
- Utilities include water, sewer, gas, electric and communications

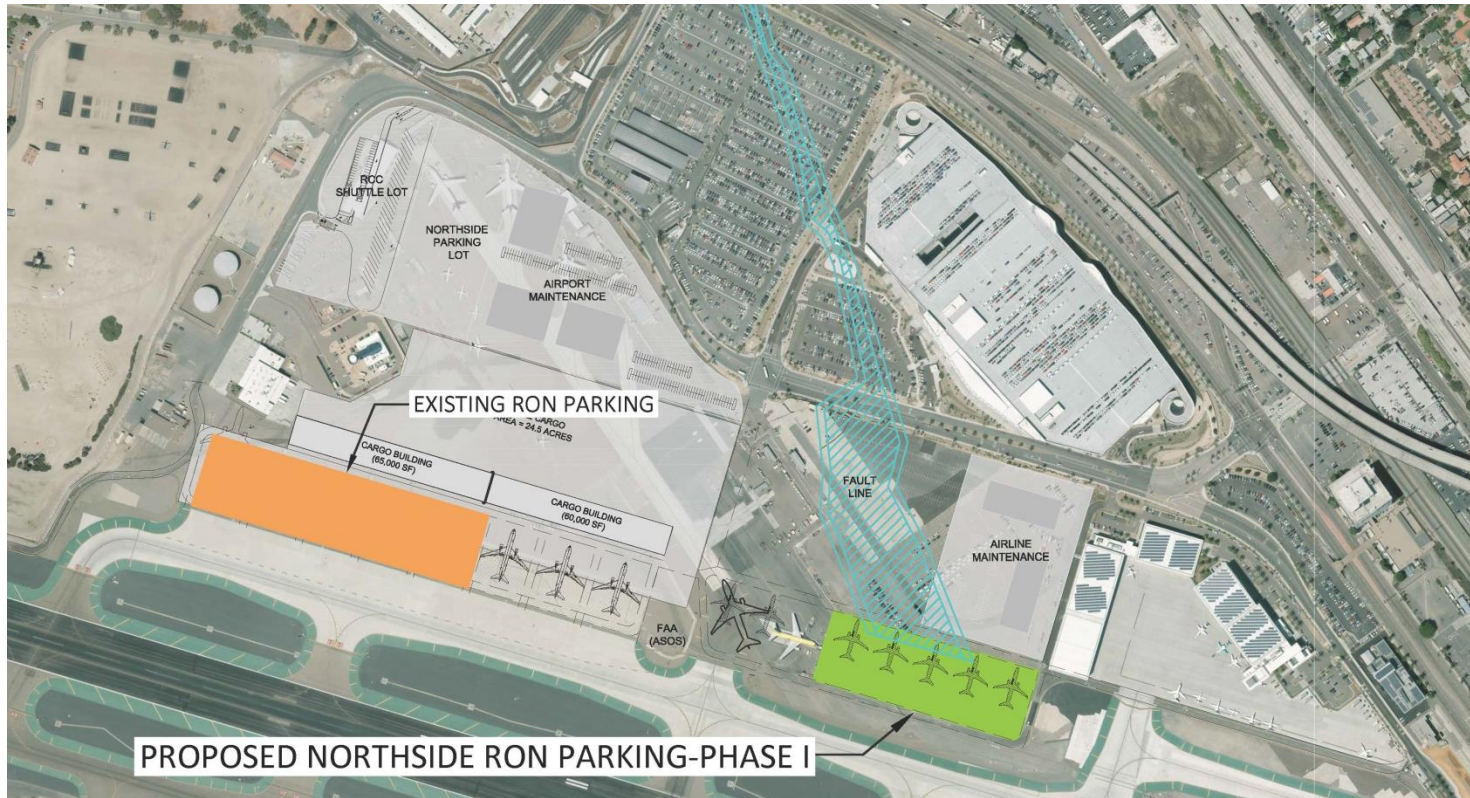
Strategies:

- Operations
- Customer

5	Enhance customer service / revenue / cost savings
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Estimated Cost	Duration
\$24,279,700	22 months

Northside RON Parking – Phase I



Northside RON Parking – Phase I

Scope:

- Phase I - provide 5 new Group III Remain Overnight concrete parking positions
- Phase I enables access to the existing Cargo facilities while the new North Cargo Facility is constructed

Strategies:

- Financial
- Operations
- Customer

5	Enhance customer service / revenue / cost savings
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Estimated Cost	Duration
\$40,365,850	19 months

Northside RON Parking – Phase II



Northside RON Parking – Phase II

Scope:

- Phase II - Provide 3 new Group III Remain Overnight concrete parking positions
- Phase II is after Cargo operators move into new North Cargo Building

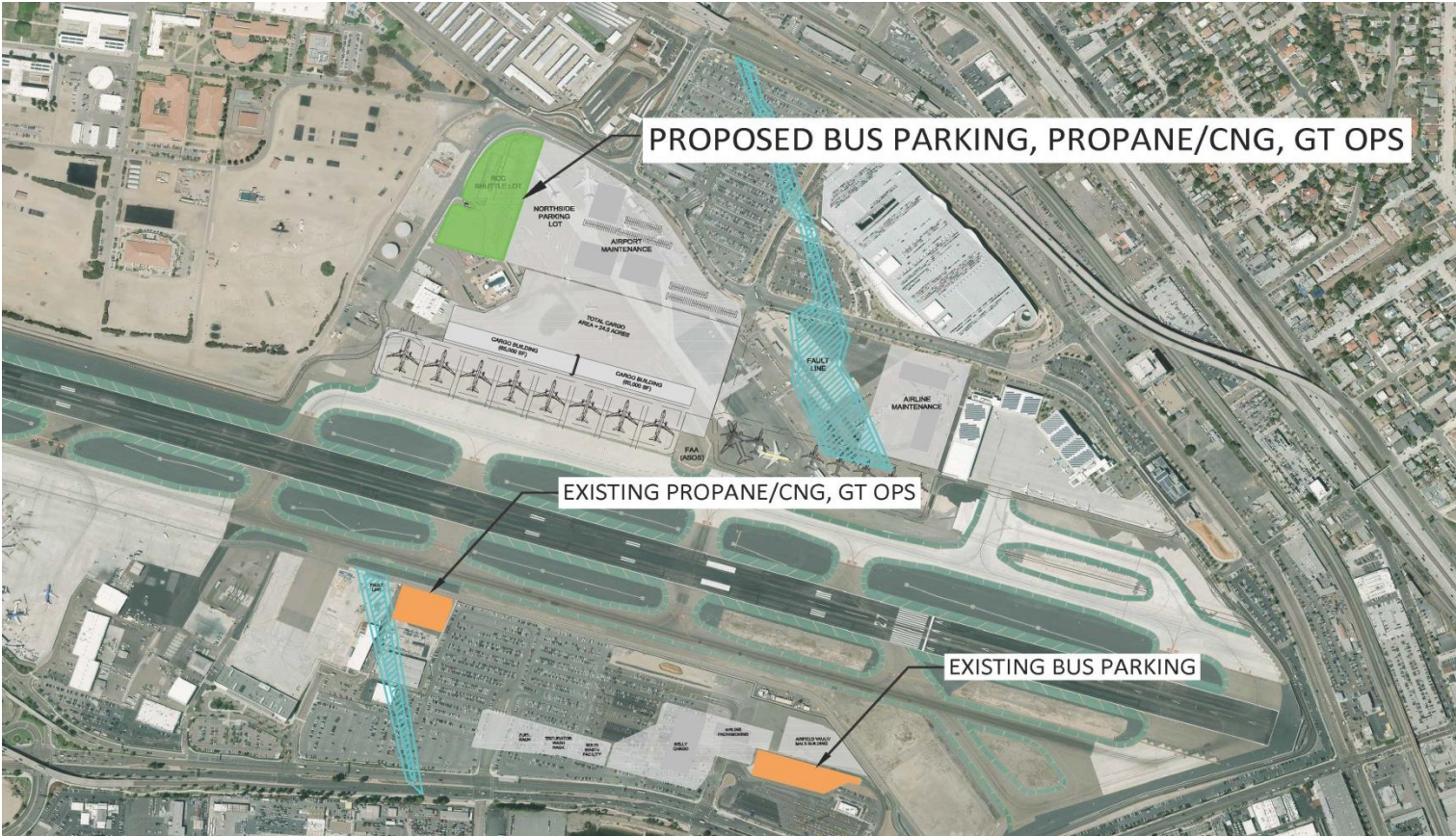
Strategies:

- Financial
- Operations
- Customer

5	Enhance customer service / revenue / cost savings
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Estimated Cost	Duration
\$23,282,300	18 months

Bus Parking, Propane/CNG Rack & Ground Transportation Operations



Bus Parking, Propane/CNG Rack & Ground Transportation Operations

Scope:

- Relocate Bus Parking and Ground Transportation operations to the Northside
- Includes new asphalt paving, service buildings and fueling facility

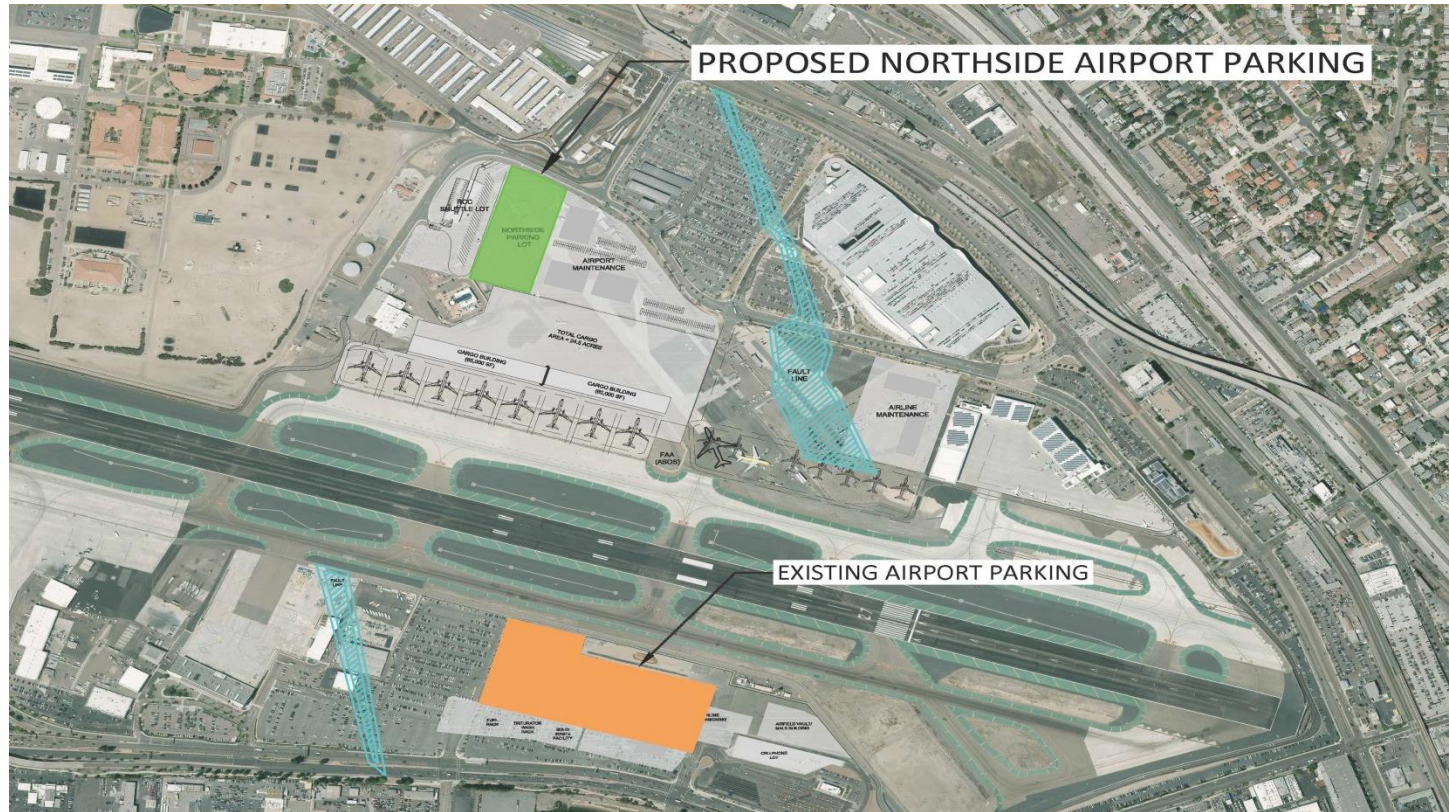
Strategies:

- Financial
- Operations
- Customer

5	Enhance customer service / revenue / cost savings
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Estimated Cost	Duration
\$30,699,550	19 months

Northside Airport Parking



Northside Airport Parking

Scope:

- New asphalt parking lot on Northside for Airport general use
- Located to streamline busing operations between Busing facility, RCC and Terminals

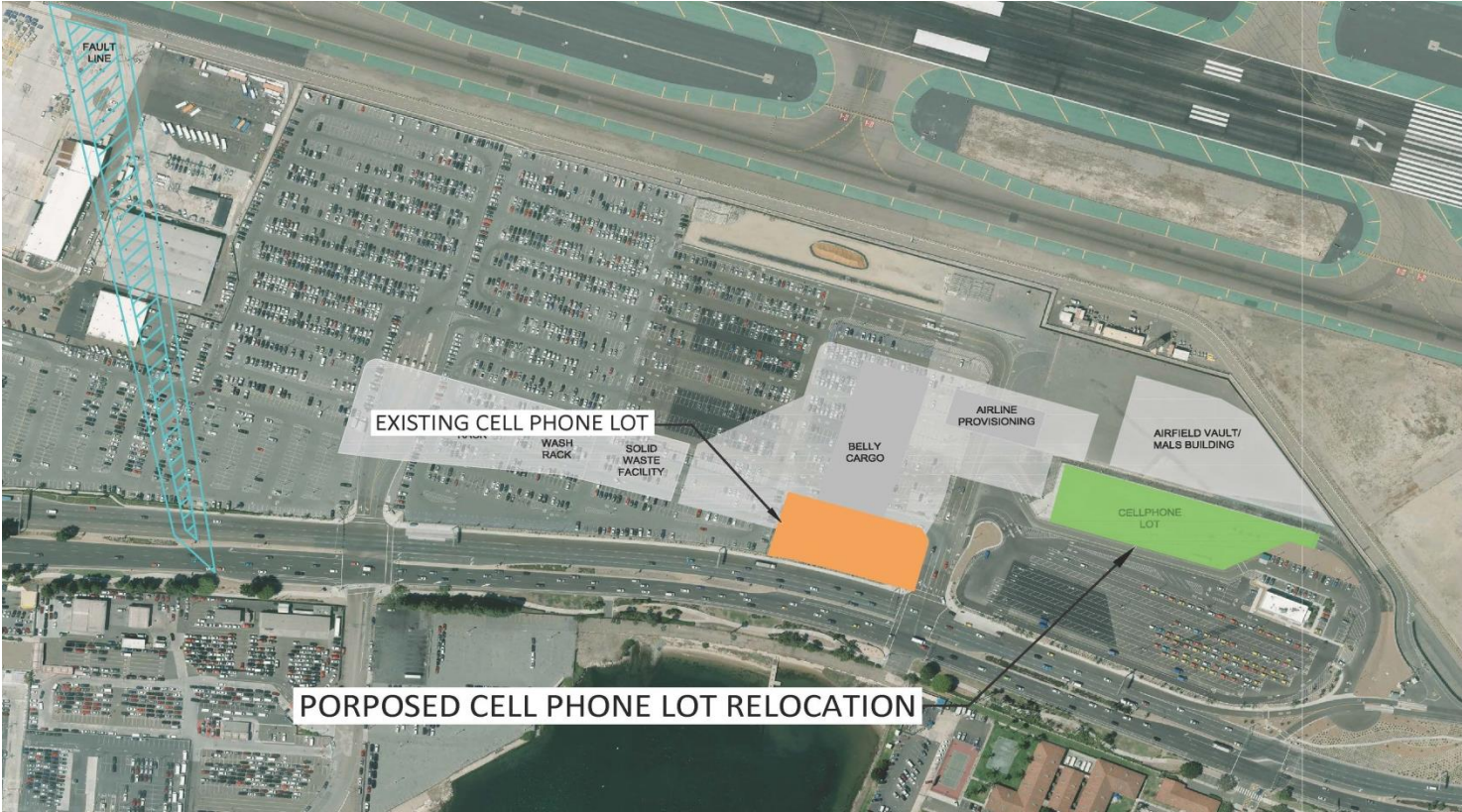
Strategies:

- Financial
- Operations

5	Enhance customer service / revenue / cost savings
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Estimated Cost	Duration
\$13,755,790	19 months

Cell Phone Lot Relocation



Cell Phone Lot Relocation

Scope:

- Relocate existing Cell Phone wait lot to existing Bus Parking facility on South side
- Includes striping, cctv cameras, video display, etc.

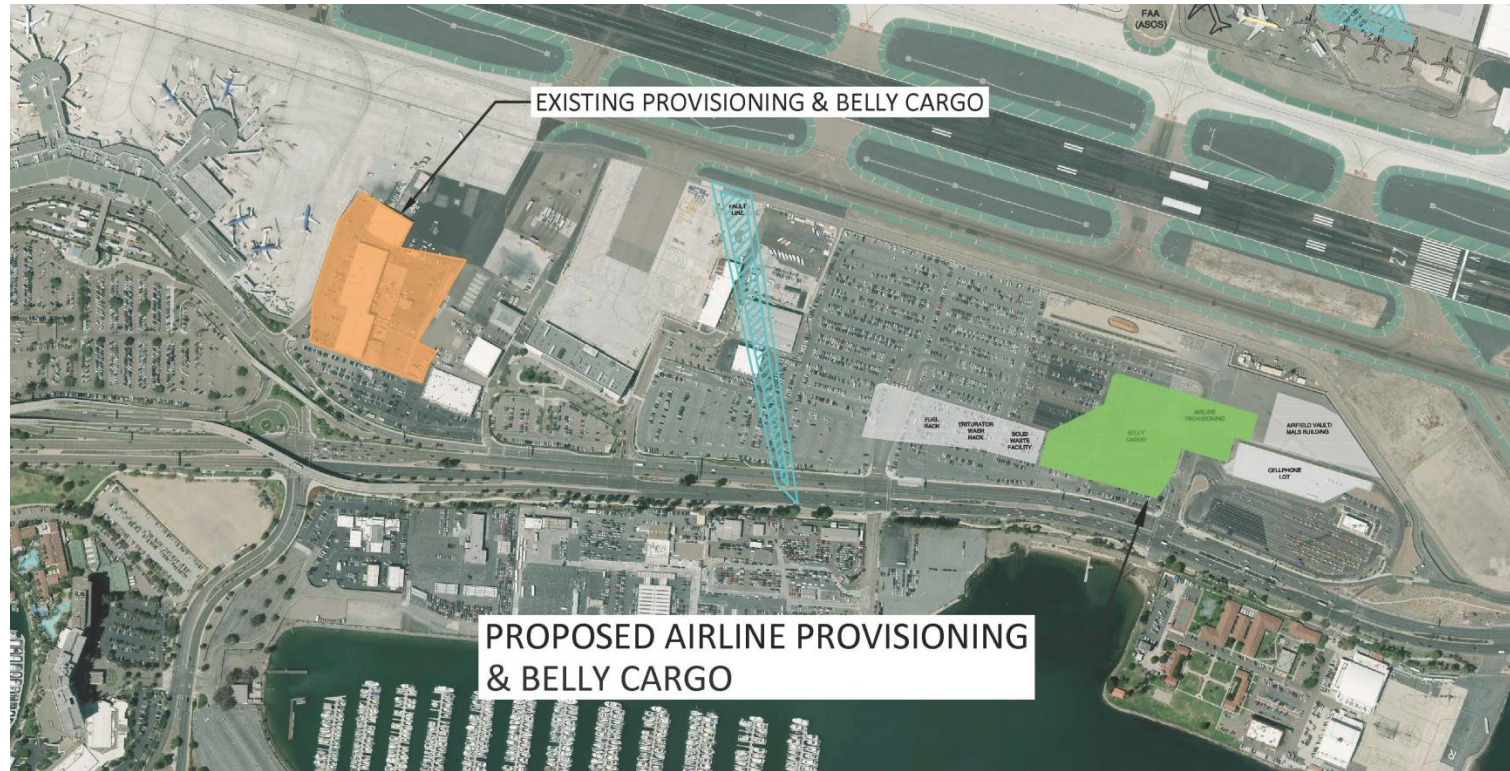
Strategies:

- Financial
- Operations

5	Enhance customer service / revenue / cost savings
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Estimated Cost	Duration
\$1,528,315	16 months

Airline Provisioning & Belly Cargo



Airline Provisioning & Belly Cargo

Scope:

- New airline provisioning and cargo facilities located on South side with both public & airfield access to facilities
- Includes airfield paving & fencing, parking and new multi-use building

Strategies:

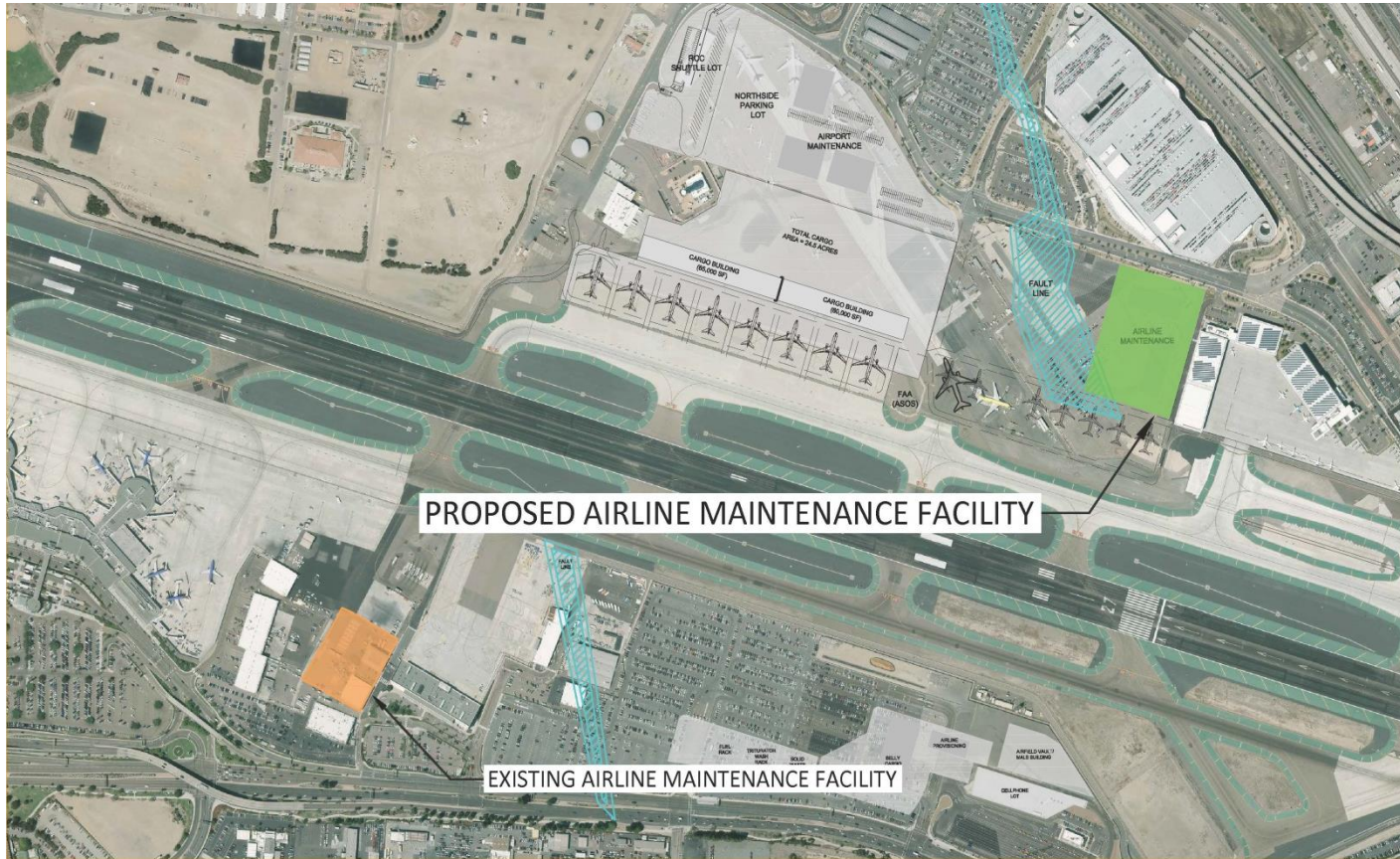
- Financial
- Operations
- Customer

5

Enhance customer service / revenue / cost savings

Estimated Cost	Duration
\$32,185,810	24 months

Airline Maintenance Facility



Airline Maintenance Facility

Scope:

- Northside facility to service airline support equipment with airfield access
- Includes industrial building, parking lot, utilities, lighting, fencing, etc.

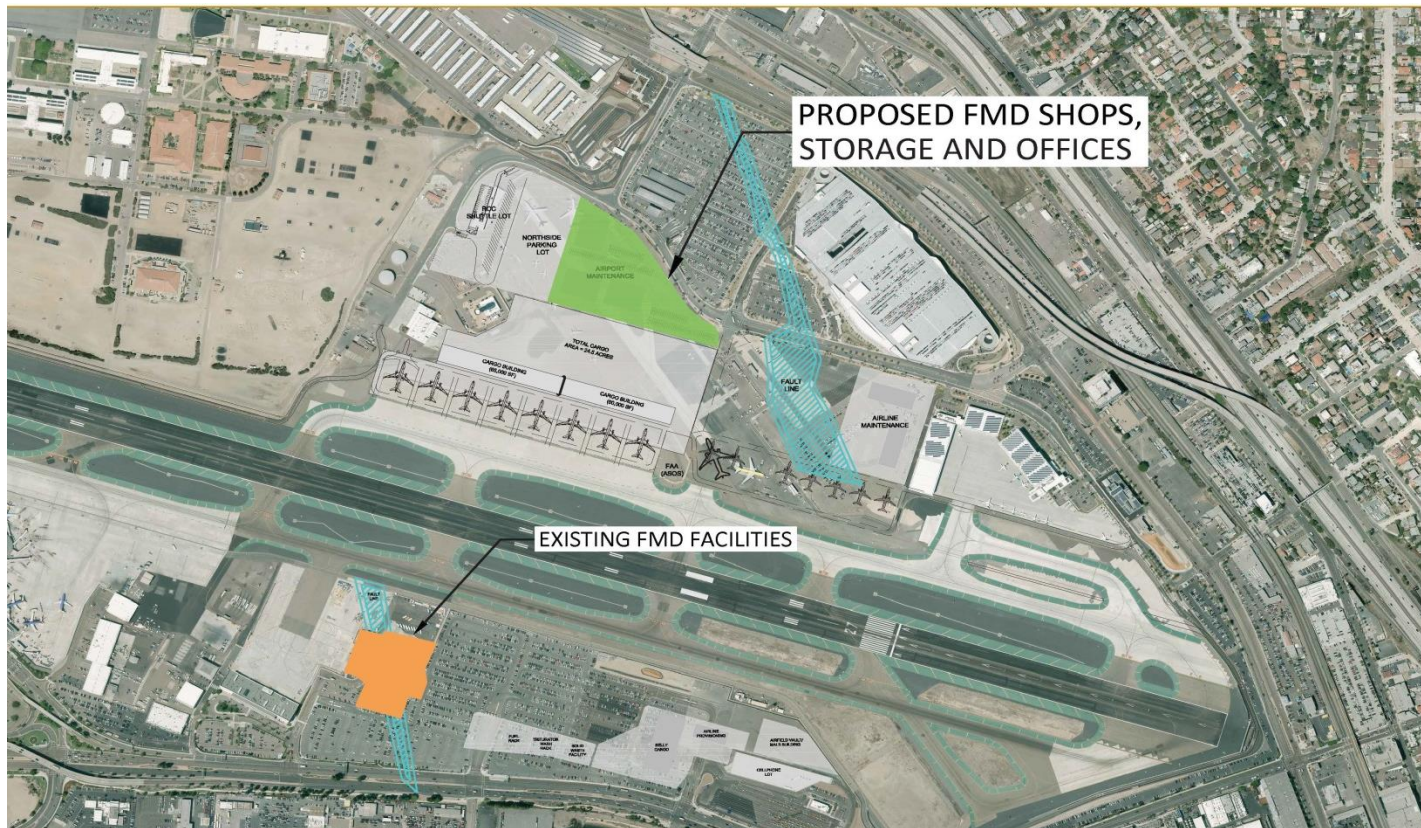
Strategies:

- Financial
- Operations
- Customer

5	Enhance customer service / revenue / cost savings
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Estimated Cost	Duration
\$31,022,705	23 months

FMD Shops, Storage & Offices



FMD Shops, Storage & Offices

Scope:

- New Facilities Maintenance Department campus with offices, shops and warehouse relocated to the North side
- Includes 7 shop buildings, 12 portable trailers, storage containers, parking, etc.

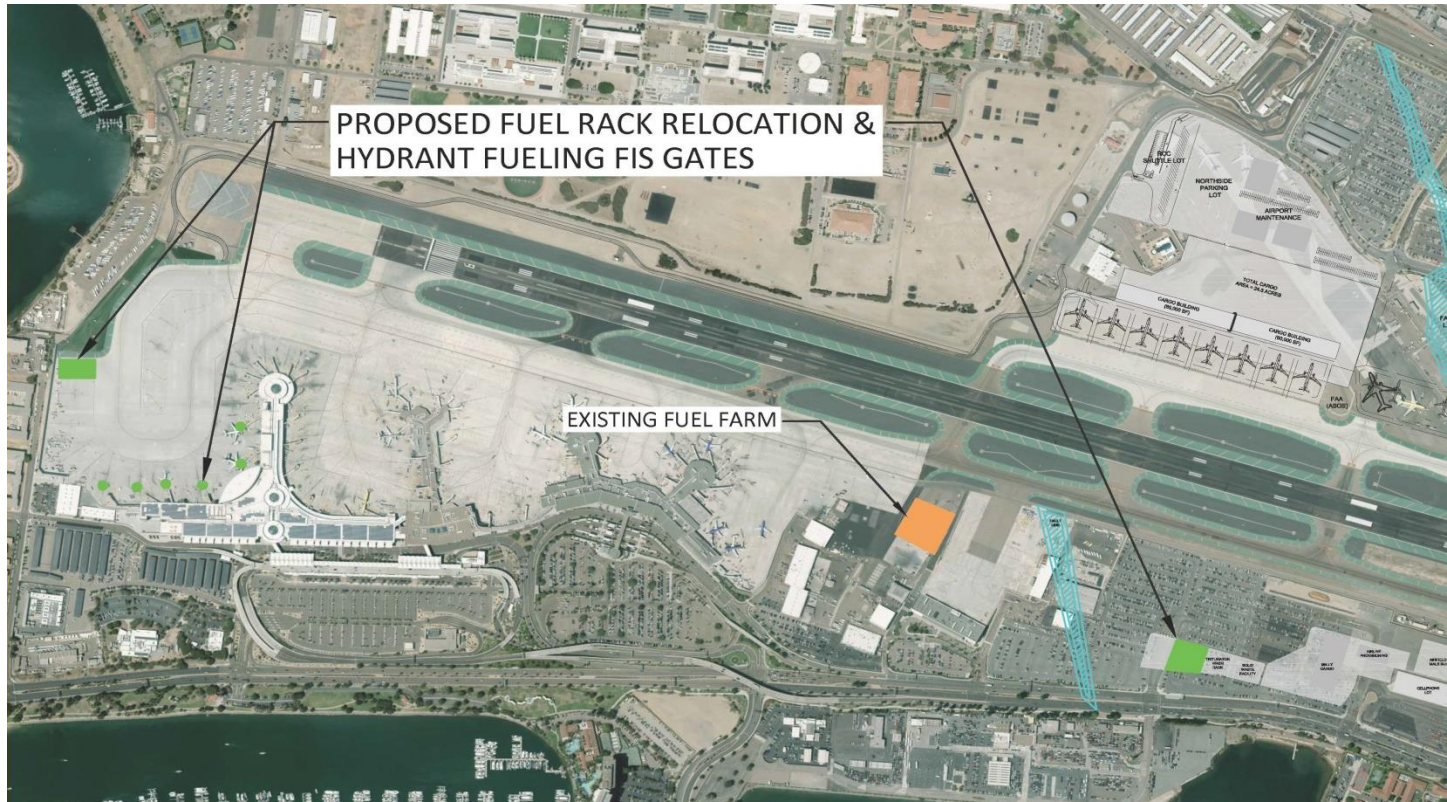
Strategies:

- Financial
- Operations

5	Enhance customer service / revenue / cost savings
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Estimated Cost	Duration
\$33,328,350	24 months

Fuel Rack Relocation & Hydrant Fueling



Fuel Rack Relocation & Hydrant Fueling

Scope:

- Relocate 6 truck fueling stations to two new locations: one near T2 West and one near Liberator Way
- Extend hydrant fueling lines to new FIS Gates 47 – 51 and provide gate hydrant fueling

Strategies:

- Operations
- Customer

5	Enhance customer service / revenue / cost savings
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Estimated Cost	Duration
\$51,433,275	24 months

Solid Waste Disposal & Recycling Facility



Solid Waste Disposal & Recycling Facility

Scope:

- Provides containment for airport solid waste operations to ensure regulatory compliance for both storm water and industrial waste permits
- Provides recycling to segregate reusable materials
- Includes building, cctv cameras, pavement markings, fencing, utilities & lift-arm gate

Strategies:

- Operations
- Customer

1	Preserve Part 139 or other regulatory compliance
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Estimated Cost	Duration
\$10,444,300	23 months

Triturator and Vehicle Wash Facility



Triturator and Vehicle Wash Facility

Scope:

- Relocate and organize airline support facilities on the South side
- Includes triturator for airline waste and a vehicle wash facility

Strategies:

- Operations
- Customer

5	Enhance customer service / revenue / cost savings
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Estimated Cost	Duration
\$7,693,930	23 months

Storm Water/Condensate Reuse



Storm Water/Condensate Reuse

Scope:

- Collect, treat and reuse storm water for irrigation, cooling tower, Terminal gray water and RCC vehicle washes
- Regulatory compliance

Strategies:

- Financial
- Customer
- Community

1	Preserve Part 139 or other regulatory compliance
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Estimated Cost	Duration
\$50,196,850	24 months