

## **10.0 FISCAL ANALYSIS COMPONENT**

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### **10.1 INTRODUCTION**

The San Diego County Regional Airport Authority Act, the Authority's enabling legislation, frames the financial parameters of the Authority. As a financially self-sufficient agency, the Authority does not rely on taxpayer dollars or any city or county funds for its operations. As of June 2014, the Authority held total assets of over \$2.2 billion. The Municipal Permit requires that the Authority secure the resources necessary to meet the requirements of Order No. R9-2013-0001. The Authority will annually conduct and report the results of a fiscal analysis of its jurisdictional runoff management program in its entirety (including jurisdictional, watershed, and regional activities).

### **10.2 FISCAL ANALYSIS METHODS**

The fiscal analysis identifies the various categories of expenditures attributable to the jurisdictional runoff management program and outlines the program budget for the current year, including a description of the sources of the funds that are proposed for use.

#### **10.2.1 AUTHORITY BUDGET PROCESS**

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

The Authority has four sources of revenue: (1) airline revenue; (2) non-airline revenue; (3) non-operating revenue; and (4) investment earnings. Airline revenue is primarily from landing fees, terminal rents, and security related fees. Non-airline revenue is composed of public parking fees, terminal and other concessions, rental car fees, and ground rents. Non-operating revenue is primarily passenger facility charges, FAA Airport Improvement Program grants, airport revenue bonds, and short-term borrowing using commercial paper.

The divisional and departmental budgets, addressing the Authority's overall goals, objectives, and mandated obligations, contribute to an expense budget. The expense budget is composed of costs for salaries, wages, benefits, operating equipment and systems, safety and security, maintenance, utilities, contractual services, business development (including advertising and promotional activities), various property lease payments, debt service, and capital improvements. The Capital Improvement Program is a rolling three- to five-year program that provides for critical improvements and asset preservation. The program includes projects that address federal security requirements, airfield safety and capacity, terminal building improvements, electrical upgrades, and environmental pollution prevention/remediation needs. Funding sources for the

projects include FAA Airport Improvement Program grants, passenger facility charges, airport operating revenues, airport revenue bonds, and short-term borrowing using commercial paper.

There are “revenue diversion” restrictions imposed by federal laws and regulations on the use of Authority funds. The expenditure of Authority funds off airport property may violate federal law. Penalties for violation of the federal “revenue diversion” restrictions are severe and include withholding of current and future grant funds, withholding of other FAA approvals, and other civil penalties.

### **10.2.2 BUDGET FOR STORM WATER MANAGEMENT PROGRAMS**

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

The P&EAD summarizes the expenditures required each year to execute the programs outlined in the SMWP. Most of the expenditures related to implementation of the SWMP pass through the P&EAD and the FMD. The P&EAD is responsible for administrative functions within the Storm Water Management Program, including fiscal analysis, budget management, and planning. The P&EAD carries out the administrative activities for the program, including (1) general program budget analysis and planning; (2) inspections and enforcement; (3) monitoring and reporting; (4) coordination and involvement with the Copermittees and agencies; (5) assistance to other groups outside the department; (6) internal and external training, workshops, and public events; (7) assistance in securing the materials and equipment necessary to perform required tasks; and (8) inspection and maintenance of storm drain systems. The FMD is generally responsible for the operations and maintenance aspects of the program, including (1) maintenance of facilities and grounds; (2) securing of materials, equipment, and vehicles necessary to perform required tasks; and (3) support for management of the Authority’s wastes.

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

- Personnel Expenses:
  - P&EAD; and
  - FMD.
- Non-Personnel Expenses:
  - NPDES Permit Fees;
  - Professional Services:
    - Legal and
    - Consulting.
  - Routine Maintenance;
  - Ramp Cleaning/Runway Rubber Removal;
  - Landscape Maintenance;
  - MS4/BMP Cleaning/Maintenance;
  - Parking Lot and Street Sweeping;
  - Hazardous Waste Disposal;

- Equipment Purchases; and
- Education, Training, and Public Outreach.
- Capital Improvement Program Expenses (to the extent that they exist).

### **10.3 UPDATE TO FISCAL ANALYSIS METHODS**

Each year, the Authority will conduct an annual fiscal analysis of the storm water management program, as outlined above, as an attachment to the Jurisdictional Runoff Management Program Annual Report. The fiscal analysis will report four general categories of expenditures: jurisdictional expenditures, watershed shared expenditures, regional shared expenditures, and total program expenditures, including a description of the specific capital, operation and maintenance, and other expenditure items in each category of expenses. The analysis will include any personnel expenses and staff resource expenditures needed and allocated to meet the requirements of the Municipal Permit in the current reporting year. The analysis will also identify sources of funds that are proposed to meet necessary jurisdictional runoff management program expenditures in the following fiscal year, including legal restrictions on the use of such funds.

### **10.4 FISCAL ANALYSIS COMPONENT PROGRAM REVIEW AND MODIFICATION**

The Authority has reserved this section to identify and document future changes to the Fiscal Analysis Component of the SWMP. Section 13.0 of this SWMP details the program modifications made to the March 2008 version of the SWMP to bring this document into compliance with the renewed Municipal Permit and Industrial Permit.