

2012 Operating Budget Update

Commission Briefing

October 25, 2011

Budget Overview

- Key Drivers:
 - Baseline payroll increases and contractual increases
 - New Rental Car Facility / Busing Services
 - Terminal Realignment
 - Deferred Maintenance
 - Initiatives Tied to Strategic Goals & Century Agenda
 - Audit Committee/Internal Audit Initiatives
 - Other initiatives including Enterprise Risk Management, Medical Plan Review/Design, Business Process Improvement

Budget Changes Summary

<i>(\$ in '000s)</i>	As of 10/4/11	As of 10/11/11	\$ Change	Notes
Operating Revenues				
Aeronautical	238,149	235,619	-2,530	Cost recovery
Non-Aeronautical	149,828	150,111	283	Higher Rental Car and Concessions revenues
Other (adjusted)	934	1,234	300	Fed Operating Grant Rev for Fire Dept
Aviation	388,911	386,964	-1,947	
Seaport	98,151	98,151	0	No changes
Real Estate	32,828	32,828	0	No changes
CDD	0	0	0	No changes
Corporate	151	151	0	No changes
Other Operating Revenues	131,131	131,131	0	
Total	520,042	518,095	-1,947	
Operating Expenses				
Aviation	162,909	160,851	-2,058	See next slide for details
Seaport	20,408	20,408	0	No changes
Real Estate	37,166	36,416	-750	See next slide for details
CDD	15,528	15,516	-12	Direct Charge Refinement
Corp	76,655	76,535	-120	Remove a proposed Police position and cut \$10K
Total	312,666	309,725	-2,941	
Net Operating Income	207,376	208,370	994	

Division (in \$ 000's)	Change	Notes
Aviation		
1) Remove RCF Traffic Support Specialists	(436)	Remove 7.6 new FTEs
2) Delay hiring of RCF Bus Drivers	(526)	Start on 3/1/12
3) Removal AV Maintenance positions	(735)	Remove 9.0 new FTEs
4) Delay Hiring Some Positions	(243)	7 new positions
5) Natural Gas Rate Change	(127)	
6) Remove Window Cleaning	(90)	
7) Remove Remote Cruise Facility	(84)	
8) Add Joint Marketing Fee	300	For new international air services
9) Other Reductions	(120)	Include the removal of 4 pathfinders and 1.25 interns
Total	<u>(2,058)</u>	
Real Estate		
1) Pier 69 Carpet Replacement	(400)	Deferred \$400K to 2013 (\$800K in 2013)
2) Maximo Mobility Intergration	(100)	Deferred \$100K to 2013
3) Pier 69 Concrete Beams Rehab	(250)	Deferred \$250K to 2013
Subtotal	<u>(750)</u>	
CDD		
1) Direct Charge Refinement	(12)	
Subtotal	<u>(12)</u>	
Corporate		
1) Leadership Conference	(10)	Reduce new request from \$51K to \$41K
2) Deleted a Proposed Police Position	(110)	Redeploy officers from other duties to RCF
Subtotal	<u>(120)</u>	
TOTAL	<u><u>(2,941)</u></u>	

Operating Budget Summary

	2010	2011	2011	2012	\$	%	
(\$ in '000s)	Actual	Budget	Forecast	Budget	Change	Change	Notes
Operating Revenues							
Aeronautical	198,329	217,200	214,181	235,619	18,419	8.5%	Cost recovery
Non-Aeronautical	135,052	144,601	144,541	150,111	5,510	3.8%	Including \$9.1M RAC operating revenue.
Other (adjusted)	880	877	877	1,234	357	40.6%	\$7.8M Fuel Hydrant rev is reclassified as non-op.
Aviation	334,262	362,678	359,599	386,964	24,286	6.7%	
Seaport	97,279	98,153	95,961	98,151	-1	0.0%	\$2.1M reduction in pass-through grant.
Real Estate	30,391	30,942	31,030	32,828	1,886	6.1%	
CDD	36					n/a	
Corporate	610	1,025	1,202	151	-874	-85.2%	\$990K for AAPA Conference in 2011 budget.
Other Operating Revenues	128,316	130,119	128,192	131,131	1,012	0.8%	
Total	462,578	492,798	487,792	518,095	25,297	5.1%	
Operating Expenses							
Aviation	126,481	139,575	137,120	160,851	21,276	15.2%	
Seaport	19,517	23,242	19,200	20,408	-2,834	-12.2%	\$2.1M pass-thro grant and \$500K for env. reserve exp.
Real Estate	30,739	33,741	33,741	36,416	2,675	7.9%	
CDD	9,335	14,278	14,278	15,516	1,237	8.7%	
Corp	67,391	75,008	73,969	76,535	1,527	2.0%	See notes (1), (2) & (3).
Total	253,464	285,844	278,308	309,725	23,881	8.4%	
Net Operating Income	209,114	206,954	209,484	208,370	1,416	0.7%	

Comprehensive Budget Summary

(\$ in 000s)	2010 Actual	2011 Budget	2012 Budget	Change \$	Change %	Explanations
Revenues						
1. Aeronautical Revenues	198,329	217,200	235,619	18,419	8.5%	Cost recovery
2. Operating Revenues	264,250	275,598	282,476	6,878	2.5%	Seaport , R.E. Non-Aero & Corp
3. Tax Levy	73,125	73,500	73,500	-	0.0%	
4. PFCs	59,744	60,379	63,448	3,069	5.1%	Increase in enplanement
5. CFCs	23,243	22,237	21,333	(904)	-4.1%	Classify portion as ops revenue
6. Fuel Hydrant	7,912	7,839	7,839		0.0%	Reclassified from ops revenue
7. Non-Capital Grants and Donations	12,473	8,493	1,779	(6,714)	-79.1%	EMW winding down
8. Capital Contributions	30,518	32,106	31,448	(658)	-2.0%	FAA & DHS grants
9. Interest Income	13,096	13,654	5,748	(7,906)	-57.9%	Lower interest rate 1% vs. 1.86 %
Total	682,690	711,006	723,190	12,184	1.7%	
Expenses						
1. O&M Expense	253,464	285,844	309,725	23,881	8.4%	Partially due to new RCF/BMF
2. Depreciation	160,775	160,491	158,479	(2,012)	-1.3%	
3. Revenue Bond Interest Expense	133,239	148,206	135,806	(12,400)	-8.4%	Reduction in capitalized interest
4. GO Bond Interest Expense	17,463	13,780	14,926	1,146	8.3%	New issue and increase interest
5. PFC Bond Interest Expense	10,187	10,191	6,826	(3,365)	-33.0%	Savings from bond refunding
6. Non-Op Environmental Expense	22,730	6,200	5,290	(910)	-14.7%	Due to superfund sites
7. Public Expense	25,085	17,205	5,654	(11,551)	-67.1%	Reduction of FAST I and II projects
8. Other Non-Op Rev/Expense	7,276	2,521	3,576	1,055	41.9%	
Total	630,220	644,438	640,282	(4,156)	-0.6%	
Change In Net Assets	52,470	66,568	82,907	16,340	24.5%	

- Total Revenues were \$12.2M higher than 2011 budget and \$40.5M higher than 2010.
- Total Expenses were \$4.2M less than 2011 budget and \$10.1M higher than 2010.
- Change in Net Assets were \$16.3M above 2011 budget and \$30.4M higher than 2010.

Corporate Cost Analysis

(\$ in 000's)

	2010 Actual	2011 Budget	2011 Forecast	2012 Budget
Corporate Cost	67,391	75,008	73,969	76,535
Total Revenue	462,651	492,798	487,719	518,095
Total Expense	253,464	285,844	278,547	309,725
Corporate Cost as % of Revenues	14.6%	15.2%	15.2%	14.8%
Corporate Cost as % of Expense	26.6%	26.2%	26.6%	24.7%

Port-wide FTEs Summary

	Aviation	Seaport	Real Estate	Capital Dev	Corporate	Totals
2011 Approved FTE's	761.9	60.4	164.8	262.5	447.6	1697.2
Mid Year Approval	10.1	0.4	1.0	2.0	3.7	17.2
Eliminated	0.0	-1.7	-1.0	0.0	-0.5	-3.2
Transfers	1.0	0.0	0.0	0.0	-1.0	0.0
Adjusted 2011 FTE's	773.0	59.1	164.8	264.5	449.8	1711.2
2012 Budget						
Eliminated	0.0	0.0	0.0	-9.8	0.0	-9.8
Transfer	0.0	0.0	0.0	0.0	0.0	0.0
New FTE's	86.0	0.8	1.0	1.0	2.4	91.2
Total 2012 Changes	86.0	0.8	1.0	-8.8	2.4	81.5
Proposed 2012 FTE's	859.0	59.9	165.8	255.8	452.2	1792.7

Next Steps

- First Reading and Public Hearing of the 2012 Budget on 11/8.
- Second Reading and Final Passage of the 2012 Budget on 11/22.
- Release the 2012 Final Budget and Draft Plan of Finance Document to the Public on 12/14.

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