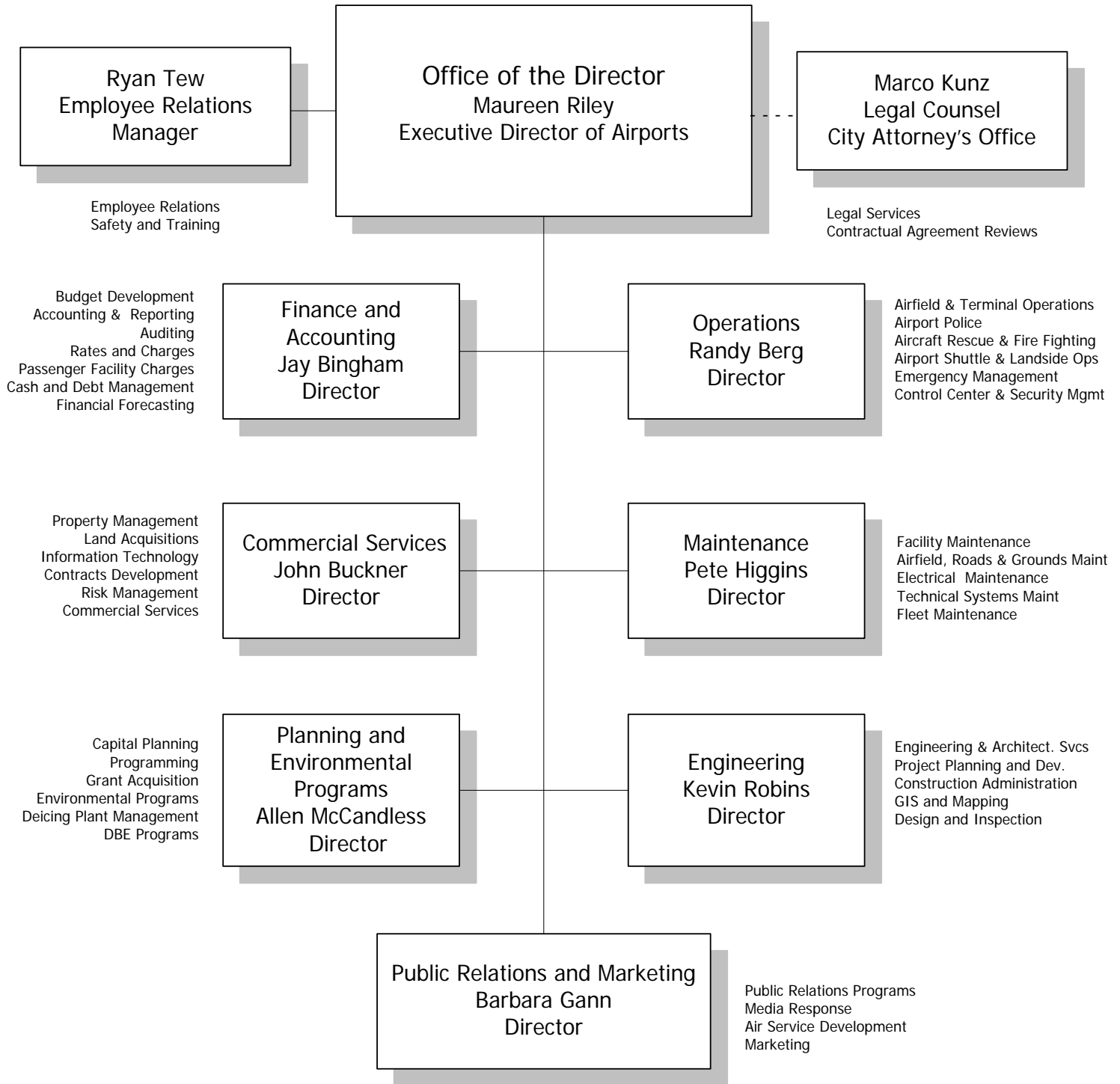


DEPARTMENT OF AIRPORTS

Organizational
 Structure
 Fiscal Year 2008-09



Department of Airports

- ***Office of the Director***
- ***Operations***
- ***Maintenance***
- ***Finance and Accounting***
- ***Engineering***
- ***Commercial Services***
- ***Planning and Environmental***
- ***Marketing and Public Relations***

Maureen Riley, Executive Director of Airports

Mission Statement

To manage, develop and promote airports that provide quality transportation facilities and services.

The following pages include the Department of Airports' budget, performance measures, and a discussion of the department's organization and the services they provide. The performance measures and the narrative discussion comprise the department's business plan.

Salt Lake City leaders developed goals in four business categories: customer service, financial health, efficiency and effectiveness, and workforce quality. Each department identified objectives and measures to achieve those overall goals, as well as other department specific goals. The measurements listed in the table show the progress made in achieving these objectives in the past two years (results) as well as the targets for the next five years. Following the table of performance measures is a discussion of the department's organization and responsibilities, the actions being taken to achieve these goals, and the resources they expect to need in the future.

Department of Airports

Maureen Riley, Executive Director of Airports

	FY 2006-07 Actual	FY 2007-08 Adopted Budget	FY 2008-09 Adopted Budget	Explanation of Changes
Full Time Equivalent Positions	567.8	568.8	597.8	New 29 FTE for program enhancement
OPERATING BUDGET				
Personal Services	36,628,700	40,699,100	44,288,200	COLA and health insurance increase, new FTE
Operations and Maintenance Supply	7,492,900	8,026,900	8,658,000	Price increases for supplies and energy/fuel costs
Charges for Services	28,381,998	33,338,800	39,312,100	No significant change
Bonding/Debt/Interest Charges	4,758,810	4,538,300	-	Debt paid off
Capital Outlay	72,102,195	116,917,200	214,057,000	Airport Expansion Program Costs
Transfers Out	50,697	49,800	53,000	No significant change
Total Department of Airports	149,415,300	203,570,100	306,368,300	
PROGRAM BUDGET				
Directors Office	1,313,300	967,866	1,962,900	FTE Transfer from Commercial Services
Public Relations and Marketing Division	571,400	1,062,596	951,400	No significant change
Finance and Accounting Division	83,335,500	105,752,663	79,762,100	Debt pay-off and land acquisition
Planning and Environmental Services	2,480,100	2,756,366	2,545,900	No significant change
Administration and Commercial Services	3,861,700	4,949,594	4,735,500	FTE Transfer to Director's Office
Engineering Division	3,218,600	3,715,658	4,295,100	Facility infrastructure studies
Maintenance Division	35,477,700	47,518,190	42,970,700	Price increase for supplies and energy/fuel costs
Operations Division	19,157,000	21,347,167	22,974,700	New FTE for program enhancement
Airport Expansion Program Funds	-	15,500,000	146,170,000	Airport Expansion Program costs
Total Department of Airports	149,415,300	203,570,100	306,368,300	
FUND SOURCES				
Airport Fund	149,415,300	203,570,100	306,368,300	
Total Department of Airports	149,415,300	203,570,100	306,368,300	

Five Year Business Plan –Department of Airports

Customer Perspective							
Objective							
Excel in airport services and continuously improve service delivery to its customers.							
Measures	Annual Results & Targets						
	2006-07 Results	2007-08 Results	2008-09 Target	2009-10 Target	2010-11 Target	2011-12 Target	2012-13 Target
1. Customer wait times for shuttle service less than or equal to 10 minutes <i>Modified from Customer wait times for shuttle service less than or equal to 5 minutes.</i>	100%	100%	100%	100%	100%	100%	100%
2. Maintain an above average rating for the Airports secret shopper program for Airport concessions.	4	4	4	4	4	4	4
Customer Perspective							
Objective							
Protect and enhance the environment by conserving resources and proactively managing environmental issues.							
Measures	Annual Results & Targets						
	2006-07 Results	2007-08 Results	2008-09 Target	2009-10 Target	2010-11 Target	2011-12 Target	2012-13 Target
1. Increase the amount of clean burning fuel used by the Airport fleet to 30% of total fleet fuel consumed and increase the amount of compressed natural gas (cng) used by Airport fleet to 40% of total fleet fuel consumed annually within five years. <i>Measure modified to: The amount of clean burning fuel used by the Airport fleet will be 30% alternative fuel of total fuel consumed.</i>	46%	43%	30%	30%	30%	30%	
2. Maintain environmental programs to ensure zero State or Federal violations of regulations.	100%	100%	100%	100%	100%	100%	

Financial Perspective							
Ensure each Airport fund is financially secure so that the Airport will be able to maintain its status as a self-sustaining organization and avoid the need for local tax dollars.							
<i>Eliminated this objective, replaced with the following:</i>							
The Airport as a self sustaining organization will budget responsibly, maintain financial security and stability, protect bond ratings and enhance its credit worthiness.							
Measures	Annual Results & Targets						
	2006-07 Results	2007-08 Results	2008-09 Target	2009-10 Target	2010-11 Target	2011-12 Target	2012-13 Target
1. The Airport Enterprise Fund will maintain adequate cash reserves of 25% of their operating expenditures.	>25%		25%	25%	25%	25%	
2. Airport Divisions will perform quarterly analysis of their actual to budgeted expenditures and revenues.	100%		100%	100%	100%	100%	
Financial Perspective							
Objective							
The Airport as a self sustaining organization will budget responsibly, maintain financial security and stability, protect bond ratings and enhance its credit worthiness (continued).							
Measures	Annual Results & Targets						
	2006-07 Results	2007-08 Results	2008-09 Target	2009-10 Target	2010-11 Target	2011-12 Target	2012-13 Target
1. Rate Covenant Requirements - net revenues for the forthcoming fiscal year \geq 1.25 times the Aggregate Debt Service for that year on all revenue bonds outstanding	> 1.25		\geq 1.25	\geq 1.25	\geq 1.25	\geq 1.25	
<i>Final FY07 results not available yet.</i>							
2. Construction change orders to be no more than 5 percent of construction contracts (as a result of discrepancies or omissions in the construction document).	1.38%		\leq 5%	\leq 5%	\leq 5%	\leq 5%	
<i>Moved from Efficiency and Effectiveness section</i>							

Efficiency / Effectiveness Perspective							
Objective							
Provide customers with best-in-class cost effective airport services.							
Measures	Annual Results & Targets						
	2006-07 Results	2007-08 Results	2008-09 Target	2009-10 Target	2010-11 Target	2011-12 Target	2012-13 Target
1. Pass the Transportation Security Administration's annual security inspection, TSR 1542 Security Regulations.	100%		100%	100%	100%	100%	
2. Pass the annual certification inspection by the FAA per Regulation 139.	100%		100%	100%	100%	100%	
Workforce Quality Perspective							
Objective							
Attract and retain qualified employees to ensure effective delivery of municipal / airport services in a cost-effective manner.							
Measures	Annual Results & Targets						
	2006-07 Results	2007-08 Results	2008-09 Target	2009-10 Target	2010-11 Target	2011-12 Target	2012-13 Target
1. Annually complete Employee Performance Plans and conduct employee performance reviews.	100%		100%	100%	100%	100%	
Objective							
Attract and retain qualified employees to ensure effective delivery of municipal / airport services in a cost-effective manner.							
Measures	Annual Results & Targets						
	2006-07 Results	2007-08 Results	2008-09 Target	2009-10 Target	2010-11 Target	2011-12 Target	2012-13 Target
1. Train 1/3 of Airport employees in customer service skills annually.	100%		100%	100%	100%	100%	
<i>Moved from Efficiency / Effectiveness section.</i>							

Narrative

The Department of Airports (Airport) manages the Salt Lake City International Airport (SLCIA), Airport II, and the Tooele Valley Airport. Airport II and Tooele Valley Airport are general aviation airports and serve as reliever airports to SLCIA. SLCIA is the major transportation hub linking Utah businesses and residents to markets and travel destinations throughout the world.

The Airport provides the following facilities and services:

Terminals

There are two terminals, an international arrivals building and five concourses providing 83 aircraft parking positions (53 jet / 30 commuter jet or propeller). The terminal complex is approximately one million square feet in size. The terminals offer a complete range of passenger service related facilities such as food and beverage, gift shops, car rental, baggage claim, ticketing, and information centers. The international arrivals facility can process about 400 arriving international passengers per hour through Federal Inspection Services.

Airfield

The existing airfield at the Airport can accommodate all types of aircraft now in commercial service. There are currently four runways, three of which are used for jet traffic.

- Runway 16R/34L is 12,000 feet in length and is equipped with a Category III instrument approach system ("ILS") on Runway 16R, CAT III on R/W 16R and 34L runway.*
- 16L/34R is 12,003 feet in length with a Category III ILS for Runway 34R and for Runway 16L.
- Runway 17-35 (9,597 feet in length) is also used for air carrier operation and general aviation, with the instrumentation on runway 17 classified by the FAA as Category I.
- The fourth runway, Runway 14-32 (5,295 feet in length), is not equipped with an ILS and is a crosswind runway used primarily as a general aviation and regional carrier runway.

* (In the United States, runway instrumentation is classified under three categories, the lowest designated as Category I and the highest designated as Category III.)

Parking, Landside, and Ground Transportation

The Airport provides two separate types of parking: hourly/daily and economy parking. Hourly/daily parking is provided within a four level parking structure adjacent to the terminals with 1,847 parking stalls. Rental car counters and facilities occupy the first level of the parking structure. Long term parking is accommodated with an economy parking lot with 10,040 spaces and an overflow lot with 2,129 spaces west of the terminals. A park and wait lot with 81 is also provided free to airport customers. About 128 spaces are designated for handicap use in the Airport parking facilities.

A total of 2,971 employee parking stalls have been completed for employees of the Airport tenants. The Airport provides a free shuttle bus service to and from the terminals to the economy parking areas and to the employee parking lot.

Support Facilities and Cargo

The Airport has two support areas for the airlines: the south support area and the north support area. The south support area is totally developed and consists of three joint use cargo buildings, two separate cargo buildings leased by Delta and Federal Express, three cargo joint use aircraft parking aprons, one airline catering facility leased by the SkyChefs LSG, and a U.S. Postal Service Airport Mail Facility. Located in the north support area are the Delta facility, a SkyWest maintenance facility, an Airport Rescue and Fire Fighting (ARFF) station, and the aviation fuel farm. The United Parcel Services (UPS) cargo facilities are also located in this area. The north support area is the area where additional expansion of support facilities will occur.

General Aviation and Auxiliary Airports

The east side of the Airport is principally used for general aviation and military activities. The general aviation area consists of two fixed base operators, 26 corporate hangars, 145 "single" hangars, 27 "twin" hangars, 54 shade hangars, National Weather Service facilities, facilities for the Utah Air National Guard, facilities for the Transportation Security Administration, other support facilities, and one of the two fire stations located on Airport property.

Airport II

Located in West Jordan, this Airport has one runway, Runway 16/34, that is 5,862 feet in length and operates under the FAA's Visual Flight Rules. Airport II can accommodate small business jets. There are 206 general aviation aircraft based at this facility. This is also used as a base for the Utah Army National Guard. There are three corporate hangars, 18 "twin" hangars, 95 "single" hangars, and 42 shade hangars. There is one fixed base operator that provides general aviation services at this facility.

Tooele Valley Airport

Located in Erda, Utah, this airport has one runway; Runway 17/35, that is 6,100 feet in length and operates under FAA's Visual Flight Rules and can accommodate a small business type jet. There are 27 general aviation aircraft based in this facility, six general aviation hangars, and 25 tie-down facilities.

AIRPORT DIVISIONS AND PROGRAMS

Office of the Executive Director

The **Office of the Director Program** provides Department leadership and overall Departmental administration. Legal services provided by the City Attorney's Office are also facilitated in this program. The Department's employee programs, safety, and training are managed in this Division.

The Legal Services Program is administered through the City's Attorneys Office. The assigned

City Attorneys provide legal services, policy reviews, consultation and advice to Airport management related to Local, State and Federal Regulations. This program also provides assistance in contract development and grant proposals.

Safety, Training, and Employee Programs are responsible for employee safety, including OSHA compliance, reducing workplace injuries and illnesses, safety education, and the coordination and reduction of workers compensation costs and claims. This section coordinates and facilitates employee training and development, including developing and conducting programs in-house, as well as coordinating and arranging training from outside vendors and other City departments. In addition, this

section administers all employee-oriented programs including the employee newsletter, rewards and recognition, and recreation and wellness programs.

The Human Resources Program is administered through the City's central Human Resources Office. The assigned HR consultant provide consultation to Airport managers and employees on all employment practices including classification and compensation, discipline and counseling, equal employment opportunity/affirmative action, promotion and selection, performance planning and evaluation, organization development, resolution of employee grievances, and other employee assistance services

Operations Division

The Operations Division is responsible for five functions. The **Security and Administration Support** program operates the Airport's 24-hour control center providing dispatch and paging services, coordinating emergency services, American Disabilities Act (ADA) coordination, and services for the disabled. Administrative support to the various programs of this division and lost and found services are included in this program. The security compliance program coordinates the issuance of airport ID badges, insures compliance with Transportation Security Administration security regulations, coordinates resolution of all security issues at the Airport, and conducts security and driver training.

Airfield and Terminal Operations coordinates activities on the runways / taxiways, in the terminals, and general aviation. This program ensures compliance with Federal Aviation Regulations Part 139, Transportation Security Regulations 1542, coordinates airfield closure for construction and snow removal, and assures that minimum operating standards are met. The terminal component of this program provides crowd control, operational coordination of the terminal areas, medical ambulance (cart response), and assistance to travelers with special needs.

The Landside Operations Program includes Commercial Ground Transportation that provides inspection services for all commercial transportation providers at the Airport and administration of the automated vehicle identification system. The Shuttle Transportation Team is the other component of Landside Operations that provides transportation service to and from the terminals to the long term and employee parking lots. Management of the terminal front curbs is also a part of this program, and the coordination of the Airport's emergency management plan.

The Airport Police Program provides 24-hour police and law enforcement coverage, ensuring safety and security at the Airport owned property, and provides the Transportation Security Administration's (TSA) required minimum response capability under TSA Regulation 1542.

Aircraft Rescue and Fire Fighting (ARFF) and ARFF Training Program ensures compliance with the Federal Aviation Regulation's minimum response time within the airfield and also provides structural fire protection to Airport facilities, inspection and fire marshal responsibilities, and provides timely response to all medical emergencies at the Airport. ARFF training operates the Airport's regional training facility that provides the required training for ARFF personnel of the City and also with other ARFF personnel from other airports.

Maintenance Division

The **Maintenance Division** is responsible for all facility maintenance including preventive, corrective, and structural maintenance of Airport owned facilities. Also included in this function are janitorial services, sign fabrication, building equipment operation and maintenance, lock and key maintenance, and concrete repair for minor concrete work. Airfield and Grounds Maintenance oversees road maintenance, snow removal, emergency response in the parking lots, landscaping, and all runway and taxiway maintenance including Airport II and Tooele Valley Airport. Fleet Maintenance ensures that the Airport's equipment is at maximum availability. The warehouse coordinates to ensure that maintenance supplies are available in a timely manner. Electrical Support responsibilities include electrical maintenance services, electrical construction and consultant review, and assisting in electrical inspection of construction projects. The Technical Systems group supports and maintains the various Airport systems: Computer Access Security System (CASS), Building Automation System (BAS), and radio communication system. This group also administers outsourced technical contracts and participates in the review and design of airport technical related projects.

Finance and Accounting Division

This division has three programs. The **Financial and Accounting Services Program** is responsible for general accounting, payroll, budget preparation and coordination, performance management coordination, financial analysis, statistical analysis and reporting, regulatory and financial compliance reporting, passenger facility charges application, coordination of the Airport's annual audit, and contract compliance audit services.

The **Capital Improvement Program** facilitates the Airport's on-going capital improvement projects and includes costs associated with construction projects, high-technology procurement projects, and outside architectural and engineering services. A five year capital improvement program is maintained to reflect the status and funding plan for these projects. Projects identified in the current Master Plan are included in this program on an as-needed basis.

Engineering Division

The **Engineering Program** is responsible for the design and construction of all facilities improvements at the Department's three airports. The Division is responsible for coordinating

project requirements with all affected parties, developing project scopes, budgets, and schedules, developing staging/phasing plans for construction, producing bid documents and procuring competitive bids for construction contracts, and overseeing construction activities to ensure that projects are completed within budget and on schedule.

Commercial Services

This division administers two programs: the Properties and Commercial Services program, and the Information Technology program. **Commercial Services Program** is responsible for Airport concessions management, contract administration, lease management, land acquisition, insurance and liability administration.

Information Technology Program is responsible for the design, implementation, and management of information technology initiatives at the Airport. This program has two components. The Information Systems group provides support for the Airport computer users and coordinates computer system implementation and upgrades. The Telecommunications group maintains and operates the Airport's telephone system.

Planning and Environmental Division

The Planning, Environmental, and De-icing Operations Program administers the FAA's Airport Improvement Program (AIP) grant acquisition process, manages the Disadvantage Business Enterprise (DBE) program, facilitates resolution of Airport noise mitigation issues, coordinates Airport master plan updates, and facilitates environmental compliance. The De-icing Operations program is responsible for collecting and recycling aircraft de-icing fluids to comply with environmental regulations and enabling the reselling of recovered de-icing fluids.

Public Relations and Marketing

The Public Relations Program performs a full-range of public relations services and programs including coordination with media, advertising, public relations campaigns, corporate and community relations, publication production, and special events coordination.

The **Marketing Program** is responsible for attracting additional international and domestic air service, coordinating economic development initiatives, maintaining relationships with Utah economic and travel agencies, and the development and maintenance of research materials to continuously track stakeholder and customer needs and expectations.

National and Global Benchmarks

Measures / Benchmark	US	Global
<i>SLCIA Ranking Based on:</i>		
Total Passengers	23	59
Total Air Cargo	28	100
Total Operations	15	22

Latest Data Available is Calendar Year 2007

Anticipated Changes and Planning Assumptions

Passenger forecasts

SLCIA passenger activity experienced a .22% increase in FY 2007 and a .12% decline in FY 2008. The continuing realignment of flights by the airlines and the current economic conditions contributed to this small decrease in passengers. In FY 2009, the Airport projected that passengers will be flat and to grow by about 1% during this projection period.

Airline Service Mix

The accompanying chart listing carriers' daily flights and number of seats was assumed to be the base of the forecast. With the airline industry going through a substantial restructuring, this mix of airline service will constantly change depending on the market and demand for the airlines.

New markets or routes added by existing carriers or by new entrants create immediate demands for facilities and service accommodations. The Airport assumes immediate demands will be accommodated through the budget amendment process, and did not assume contingency or reserves for this purpose.

Airline Service Mix

Commercial Carriers	Domestic Daily Departures		
	# Flights	# Seats	% Share
American Airlines	7	952	3%
Continental Airlines & Affiliates	2	279	1%
Delta Air Lines & Affiliates	254	20,862	64%
Frontier Airlines	6	738	2%
JetBlue	5	780	2%
Northwest & Affiliates	4	428	1%
Southwest	51	6,972	21%
United Airlines & Affiliates	16	1,176	4%
US Airways & Affiliates	5	618	2%
Total Domestic	350	32,805	100%
Commercial Carriers	International Weekly Departures		
	# Flights	# Seats	% Share
Delta Air Lines & Affiliates	66	4,749	97%
Frontier Airlines	1	132	3%
Total International	67	4,881	100%

Data as of October, 2008

Airline Rates and Charges

A new two-year extension agreement with the airlines was signed effective July 1, 2008. This agreement has a year-for-year extension after two years, until another agreement is negotiated with the carriers. A cost reduction of 12 million dollars per year will be given to the participating carriers in the form of airline incentives. The Department intends to enter into a new agreement with the airline tenants within this planning period.

With the events taking place in the government securities market, the Airport decided to pay-off all of its outstanding long-term debt last March 2008. However, a commencement of Airport Expansion Program would require the issuance of new bonds.

Other revenue and expenditures assumptions

- Lease renewals and cost recovery revenues were assumed at 2 % per year.
- Increases in parking and car rental revenues were assumed to be driven by the increase in passengers during this planning period. Parking rate increase is budgeted in FY 2009 and will also be utilized to manage the facility's usage.
- In FY 2009, salaries and benefits were budgeted at 3% increase for employees. Operating and maintenance supplies are based on projected need and scheduled replacements. Charges and services increases are due mostly to the maintenance of an aging facility, utility and energy cost increases.
- Total authorized full-time-equivalent (FTE) for the airport was increased by 29 FTE to a total of 597.8 FTE in FY 09. Additional employees may be added depending on the demands of the Airport Expansion Program planned in the next five years.

Capital Improvement Program

- Ongoing capital improvement program (CIP) during the five-year planning period averages about \$145 million per year.
- The FY09 budget includes funding for the projects related to the first phase of the End of Runway Deicing program for a starting budget of \$89 million.
- Because of the age of the terminal buildings and the need to provide reliable heating and cooling for the facility, a continuing funding for the fan replacement program is funded for \$7 million.
- The improvements to the airfield are designed to ensure the safe operation of aircraft and preserve the useful life of these assets. An ongoing funding for the apron rehabilitation along the terminal concourse is budgeted for \$11 million.

- Implementation of the Airport's Expansion is being started with the funding of the design and specialty consultants for \$56 million in FY 09.

Airport Master Plan

The Department of Airports completed a Master Plan Update in 1997. That plan projects the construction of new facilities, including new linear concourses to replace the current finger pier concourses, a new terminal, an automated people mover system connecting concourses and the terminal, new terminal access roadways, and expanded parking and landside facilities. The Department will implement the 1997 Master Plan program as demand indicates that new facilities are required. To date, the Department has constructed airfield pavements and completed the construction of the new access roadway. In addition, an on-going review, concept revalidation, and detailed phasing and implementation plans of the various elements of the Concourse Expansion Program are being developed with the airlines and consultants.

Major Issues

Airline / Aviation Airport Industry

The airline industry is continuing its downturn in 2008 after a short and mild recovery in 2007. The cost of jet fuel is a big challenge for the airlines. The ongoing developments and rapid changes in the industry are driven by stiff competition, threat of bankruptcy, and the need to be profitable. Uncertainties in the airline industry create a tremendous challenge for airport operators/owners who will have to plan for infrastructure that would last for 30 to 40 years. In addition, the Airport has to respond quickly to the immediate demands of its airline customers.

Safety and Security

A safe and secure passenger transition facility is one of the prime objectives of Airport management. It is necessary to balance the demand with the passengers' need for convenience and the passengers' memorable traveling experience. Current events in any part of the world have a significant impact on both the day-to-day and long-term security of the Airport. Furthermore, the Airport has the need to provide a safe and efficient working environment for the 13,500 Airport and tenant employees.

Government Regulations

The airport industry, being heavily regulated from the local, state, and federal level, requires us to continually monitor developments that will have an impact on the funding, operations, and development of Salt Lake International Airport, Airport II, and Tooele Valley Airport. Most of these regulations are not funded and compliance would require us to pass on the cost to our financially strained airline tenants.

Operating Cost

With the current state of the airline industry and the global economy, the airlines are looking for ways to minimize their operating costs. It is a challenge for Airport management to operate efficiently and effectively while keeping costs at an acceptable level for the airline operation.

Aging and Constrained Facilities

Terminal I, which provides services to twelve airline tenants with a combined annual total of about 6 million passengers, is over 47 years old. Terminal II, which accommodates Delta and its affiliated air carriers and provides services to 15 million passengers annually, is almost 32 years old. The age of these facilities, although not so obvious from the users/passengers perspective, drives up the cost of maintenance and utilities on an annual basis.