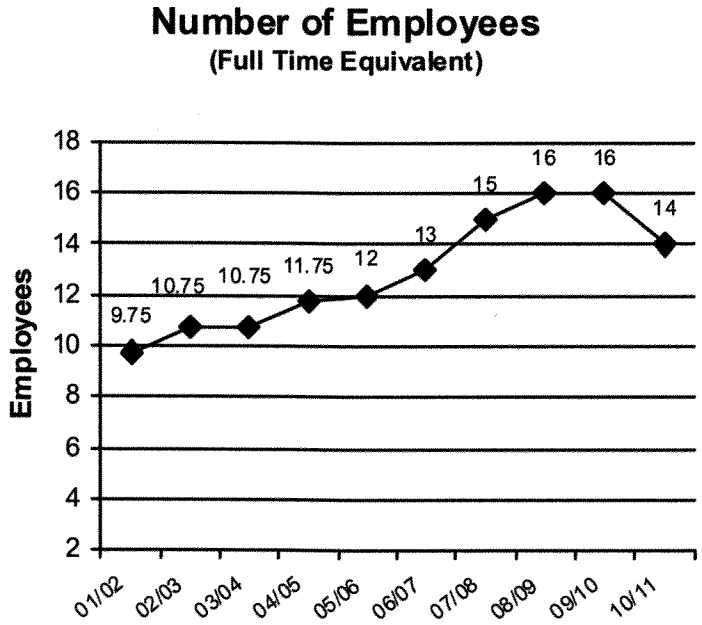
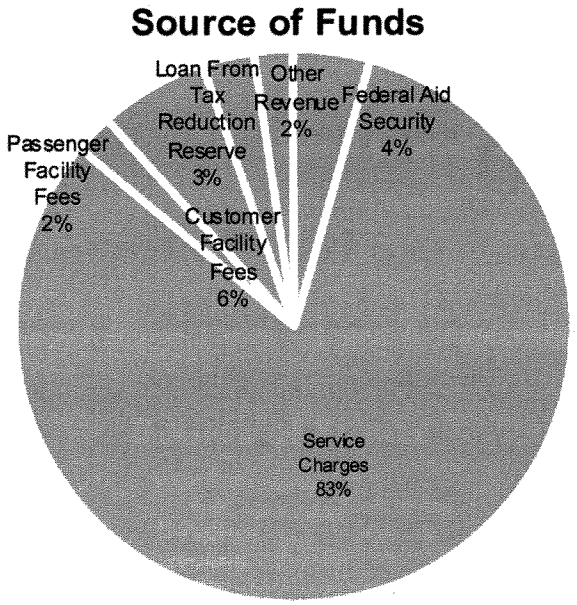
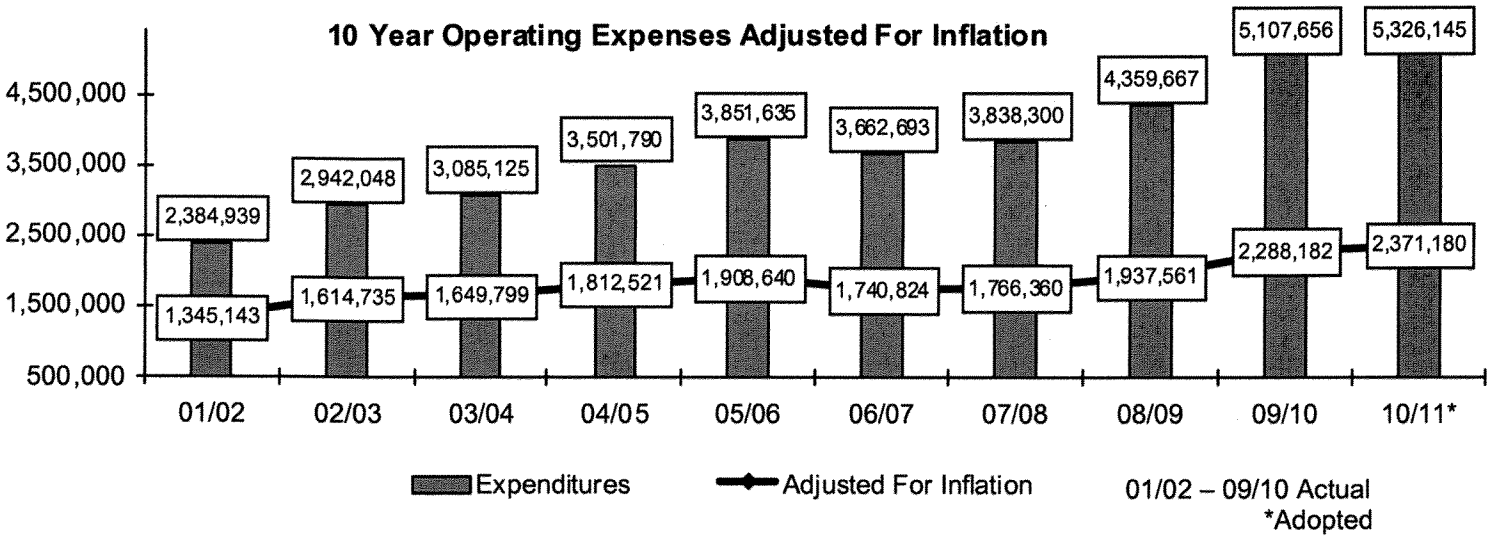
MISSION STATEMENT

To provide for the safe and efficient operation of the airport and deliver to the community aviation services through the total efforts of knowledgeable, conscientious, dedicated staff empowered by the public they serve.

OPERATING DETAIL (1)	2008-09 ACTUAL (2)	2009-10 ACTUAL (3)	2010-11 RECOMMENDED (4)	2010-11 ADOPTED (5)
OPERATING REVENUES				
Charges for Servces	3,027,335	2,914,490	3,166,260	3,166,260
TOTAL OPERATING REVENUES	3,027,335	2,914,490	3,166,260	3,166,260
OPERATING EXPENSES				
Salaries and Benefits	1,343,552	1,346,771	1,394,150	1,394,150
Services and Supplies	1,776,609	1,465,790	1,741,495	1,741,495
Countywide Overhead	294,599	373,637	183,351	183,351
Taxes & Assessments	28,041	441	28,500	28,500
Depreciation	916,866	1,921,017	1,978,649	1,978,649
TOTAL OPERATING EXPENSES	4,359,667	5,107,656	5,326,145	5,326,145
OPERATING INCOME (LOSS)	(1,332,332)	(2,193,166)	(2,159,885)	(2,159,885)
NON-OPERATING REVENUES (EXPENSES)				
Federal Aid Security	133,979	181,987	166,875	166,875
Other Revenues	58,543	2,877,713	89,812	89,812
Grants-Federal/State	0	0	10,293	10,293
PFC	475,093	369,638	78,566	78,566
CFC	232,030	42,026	247,979	247,979
Other	0	0	116,025	116,025
Interest	18,088	2,858	1,000	1,000
Caltrans loan payment	(208,103)	(198,450)	(420,158)	(420,158)
General Fund Loan Payment	0	0	(247,979)	(247,979)
Operating Transfers In/Out	(56,561)	(25,000)	0	0
Prior Year Adjustment	0	(296,888)	0	0
TOTAL NON-OPERATING REVENUES (EXPENSES)	653,069	2,953,884	42,413	42,413
INCOME BEF. CAPITAL CONTRBS. & TRANSFERS	(679,263)	760,718	(2,117,472)	(2,117,472)
Capital Contribution	6,759,755	4,309,603	0	0
CHANGE IN NET ASSETS	6,080,492	5,070,321	(2,117,472)	(2,117,472)
Net Assets - beginning	74,781,831	80,862,323	85,932,644	85,932,644
Net Assets - ending	80,862,323	85,932,644	83,815,172	83,815,172
FIXED ASSET EXPENDITURES				
Capital Projects	777,776	0	10,000	10,000
Fixed Assets	0	15,593,963	0	0
Land	0	2,793,152	0	0
TOTAL FIXED ASSET EXPENDITURES	777,776	18,387,115	10,000	10,000


Number of Employees
(Full Time Equivalent)
Employees
18
16
14
12
10
8
6
4
2
9.75
10.75
10.75
11.75
12
13
15
16
16
14
01/02
02/03
03/04
04/05
05/06
06/07
07/08
08/09
09/10
10/11


Source of Funds
Loan From Tax Reduction Reserve 3%
Other Revenue 2%
Federal Aid Security 4%
Passenger Facility Fees 2%
Customer Facility Fees 6%
Service Charges 83%


10 Year Operating Expenses Adjusted For Inflation
4,500,000
3,500,000
2,500,000
1,500,000
500,000
2,384,939
2,942,048
3,085,125
3,501,790
3,851,635
3,662,693
3,838,300
4,359,667
5,107,656
5,326,145
1,345,143
1,614,735
1,649,799
1,812,521
1,908,640
1,740,824
1,766,360
1,937,561
2,288,182
2,371,180
01/02
02/03
03/04
04/05
05/06
06/07
07/08
08/09
09/10
10/11*
Expenditures
Adjusted For Inflation
01/02 – 09/10 Actual
*Adopted

SERVICE PROGRAMS

San Luis Obispo and Oceano County Airport Operations

Present and implement policies and procedures to insure the safety of airport users and enhance customer service. These policies and procedures produce the framework to manage, administer, operate, maintain, and provide security for the San Luis Obispo County and Oceano Airports serving commercial airline, private and business aviation users.

Total Operating Expenditures: $5,326,145 Total Staffing (FTE): 14.0

Capital Projects at County Airports

Funding of approved capital projects carried out at the San Luis Obispo Regional and Oceano Airports.

Total Expenditures: $10,000 Total Staffing (FTE): 0.00

DEPARTMENT COMMENTS

The General Services Agency County Airports team members are committed to delivering excellence to every customer. This will be accomplished through improving business processes, improving the financial health, supporting staff through appropriate training and being as responsive as possible to our customers. The Agency's key priority is to improve communications to support our initiatives in these areas. We will support the General Services Agency through leadership, trust, and vision for the future.

Goal 1: As Responsive as Possible - Customer Service
Tied to Performance Measures #1, 3, 4

Results achieved for FY 2009-10
Completed the fuel farm construction project, implementation of two new tenant fueling agreements and began fueling operation

- Improved terminal access road including signalization at Aero Drive and Highway 227
- Began terminal aircraft parking apron project

Major Efforts for FY 10-11

- Inspection by FAA will occur in May 2010 with the results to be provided in FY 2010-11
- Develop process to respond to all airport comments or complaints
- Provide responses for all e-mail and/or phone calls
- Provide a form and database to document calls with comment or complaint; staff response and time; and to track trends for possible future actions.
- Conduct quarterly tenant meetings
- Conduct one meeting with either General Aviation tenants, terminal tenants, or rental car providers quarterly

Goal 2: As Good as Possible – Internal Business Processes
Tied to Performance Measures #1

Results achieved for FY 2009-10

- Maintained service level to Airport tenant customers during construction of terminal aircraft parking apron
- Implementation of new processes for billing and reporting for accounts receivable activities
- Participated in evaluation of a countywide credit card collection system

Major Efforts for FY 2010-11

- Review two business practices for opportunities to enhance collections or reduce costs.
- Review the managing of the parking lot function

- Review implementing a credit card collection system
- Revise formal procurement measures to better monitor and control spending

Goal 3: As Cost Efficient as Possible - Financial Health
Tied to Performance Measures #1, 3, 4

Results achieved for FY 2009-10

- Conducted Airport operations with two fewer staff, as positions were left vacant to reduce expense

Major Efforts for FY 2010-11

- Revise monthly operation reporting with emphasis on budget deviations
- Implement controls for procurement
- Set up credit card processing at Airport Administration front desk
- Promote and implement Airport improvement plan for parking facilities

Goal 4: As Responsible as Possible - Learning and growth
Tied to Performance Measures #1, 3, 4

Results achieved for FY 2009-10

- Each member of staff attended training

Major Efforts for FY 2010-11

- Provide training for staff in the use of the SAP software (Enterprise Financial System)
- Ensure supervisors and managers receive at least 4 hours of management or leadership training
- Ensure staff receives at least 8 hours of training relating to airport operations and maintenance or team building
- Conduct triennial Live Airport Crash Exercise

COUNTY ADMINISTRATOR'S COMMENTS AND RECOMMENDATIONS

Fund Center 425 Airports is a division of the General Services Agency and is an Enterprise Fund. Enterprise Funds charge user fees for their services. The State Controller's Office requires that an Operation of Enterprise Fund Schedule 11 be submitted. The format of the Schedule 11, and some of the data it contains, is different from how other County departments' budgets are reported. For consistency purposes, the data provided for in the narrative, Service Programs, and 10-year Expenditure chart are from the Schedule 11. Additionally, the narrative compares FY 2010-11 recommended estimated numbers vs. FY 2009-10 estimated year end numbers. As fixed assets are noted separately on the Schedule 11 and are not included as part of total expenses, they are not included as part of the overall comparison.

Overall, the recommended FY 2010-11 total operating expense, excluding depreciation, is increasing by $19,754, 1%, more than the estimated amount for FY 2009-10. The expense for salaries and benefits for FY 2010-11 is increasing by $101,809, 8%, as compared to the estimated salary and benefit expense for FY 2009-10. The salary and benefit expense includes step increases and approximately $40,000 as an estimate for a potential prevailing wage increase in FY 2010-11. The estimated services and supply expense for FY 2010-11 is increasing by $80,172, 5%, compared to the estimated amount for FY 2009-10. This increase is largely related to insurance charges and charges for interdepartmental support.

The revenue projected to be received in FY 2009-10 is less than the amount that was budgeted for the fiscal year. The recommended operating revenues for FY 2010-11 identify an increase of $281,035, 9%, as compared to the estimated (projected amount) for FY 2009-10. The revenue increase is largely due to rental revenues which are anticipated to include a full year rental income from the fuel farm and from additional rental space which will become available after completion of the apron project.

The recommended budget identifies a reduction of two (2.0) FTE in vacant Airport Maintenance Worker positions. Existing staffing levels were developed during a time of increasing passenger enplanements and capital project development. Since that time, enplanements and revenues have decreased and capital project development has slowed. The elimination of the two vacant positions will not have a significant impact on service levels, as the positions were not funded or filled in FY 2009-10 and were not planned to be filled in FY 2010-11.

The economic recession and cut backs by commercial air carriers has resulted in the reduction in the number of air carriers, flights and passenger enplanements at the Airport. Airport finances have also been impacted by capital project expenditures made in prior years, which relied on revenue anticipated to be received in future years. Debt service to finance some of the Airports' capital projects relied on the projected income from the rental of space to repay the debt service. The economic recession contributed to rental income which was less than the amount needed to cover the entire debt service. The above factors have created a structural fiscal imbalance wherein expenditures to operate the Airport are greater than revenues received by the Airport. The recommended budget includes a Budget Augmentation Request to transfer $116,025 from the $9.25 million in Tax Reduction Reserves. The $9.25 million was originally set aside as a loan to the Airport to assist in developing parking improvements and a new passenger terminal building. The requested budget augmentation is necessary to cover Airport operating expenses in FY 2010-11. This budget augmentation is a loan and is to be repaid when Airport revenues are sufficient to cover operating expenses.

The Schedule 11 identifies an estimated Net Loss of $2.1 million for FY 2010-11. This net loss is the difference between the total for all operating and non-operating revenues and expenses. Most of this is comprised of the nearly $2 million in depreciation expense. This depreciation expense is a non-cash expense that identifies the decline in value of capital assets. It is also an indicator of the amount that will need to be set aside to replace capital assets in the future. The Airport is currently not funding depreciation. There is no immediate funding need to cover the depreciation expense. However, setting aside funding for the eventual replacement of capital assets should be a future consideration when the Airport's finances improve.

The Airport is currently working toward the development of new commercial air service through the use of a Small Community Air Service Development Grant. The Board of Supervisors has also approved incentives in the form of reduced fees to commercial air carriers that increase the number and destinations of flights from the Airport. The development of new air service is critical to the future fiscal health of the Airport. The Airport needs to generate additional revenue through new or expanded air passenger service and use of Airport properties to correct the structural fiscal imbalance. If the imbalance continues, additional injections of funding will be needed to maintain the Airport's services. The Airport will report on their fiscal condition throughout FY 2010-11 in the quarterly fiscal report.

BUDGET AUGMENTATION REQUESTS ADOPTED

Unit Amount	Description	Results
$116,025 Source of Funding: $9.25 million in Tax Reduction Reserve established in FY 2007-08 as loan to the Airport as funding designated to assist with the development of parking improvements and a new passenger terminal.	The requested amount is a loan to fund the FY 2010-11 Airport operational budget. The revenues in the Airport FY 2010-11 budget are insufficient to cover the expense for operations to maintain services at the Airport. The loan will provide the funding needed to cover the gap in revenues and fund operational expenses necessary to maintain services at the San Luis Obispo and Oceano Airports.	The funding will allow the Airport to meet required fiscal obligations for maintaining both general aviation and commercial passenger service at the San Luis Obispo Airport and general aviation service at the Oceano Airport.

BOARD ADOPTED CHANGES

None

GOALS AND PERFORMANCE MEASURES

Department Goal: Manage the San Luis Obispo and Oceano Airports in a manner that ensures the safety of the traveling public and complies with Federal, State, and local aviation and airport rules, regulations and advisories.

Communitywide Result Link: A safe community.

1. Performance Measure: Percentage compliance with annual Federal Aviation Administration (FAA) inspections of appropriate safety and security measures.

05-06 Actual Results	06-07 Actual Results	07-08 Actual Results	08-09 Actual Results	09-10 Adopted	09-10 Actual Results	10-11 Target
99%	100%	100%	100%	100%	100%	100%

What: Annual safety and security inspection of certified airports conducted by FAA staff.

Why: To ensure the safety of passengers and the public.

How are we doing? The Airport has been very successful in meeting safety and security compliance to the 100% standard. The April 2010 FAA Inspection was completed with 100% Compliance. The Airport anticipates 100% compliance to FAA Standards on next year's inspection.

Department Goal: To cost effectively operate and maintain County Airports to enhance the air transportation service experience of airport users.

Communitywide Result Link: A safe, livable and prosperous community.

2. Performance Measure: Number of annual enplanements (boarding passengers) / employees, # of operations (take off or landing of aircraft) per employee and # of based aircraft per employee. *(This performance measure is being deleted.)*

05-06 Actual Results	06-07 Actual Results	07-08 Actual Results	08-09 Actual Results	09-10 Adopted	09-10 Actual Results	10-11 Target
14,014 Enplanements/ Employees 7,087 Operations/ Employees	14,920 Enplanements/ Employees 7,875 Operations/ Employees 26 Based Aircraft/ Employees	12,152 Enplanements/ Employees 6,363 Operations/ Employees 21 Based Aircraft/ Employees	9,482 Enplanements/ Employee 6,209 Operations/ Employee 20 Based Aircraft/ Employee	10,714 Enplanements/ Employee 6,955 Operations/ Employee 23 Based Aircraft/ Employee	8,939 Enplanements/ Employee 6,297 Operations/ Employee 18 Based Aircraft/ Employee	Deleted

What: Measures staffing in relationship to workload.

Why: This measure helps to show the public that the Airports are efficiently staffed compared with relative airport counterparts.

How are we doing? This performance measure is tied to Commercial Passenger Enplanements, Aircraft Operations and Based Aircraft. Commercial Passenger Enplanements are related to business decisions of commercial air carriers and consumer response to overall economic conditions. The metrics in this measure are not completely within the control of the Airport. The overall downturn in the national and state economy had a significant impact to enplanements at the Airport. The measures identified above were impacted not by airport activity, rather business and other decisions. Although we are deleting the measure, we acknowledge that enplanements are an important indicator of the overall fiscal health of Airport operations. We will report enplanement data as part of the fiscal quarterly reporting process as well as with the overall documentation submitted with the annual Airport budget request.

3. Performance Measure: Conduct quarterly tenant meetings.

05-06 Actual Results	06-07 Actual Results	07-08 Actual Results	08-09 Actual Results	09-10 Adopted	09-10 Actual Results	10-11 Target
N/A	N/A	N/A	N/A	N/A	New	Quarterly Tenant meetings - 65% attendance participation by tenants

What: Measures Airport Services communications with tenants.

Why: The airport had been identified in a Grand Jury Report as failing to communicate with Airport tenants. This measure will document the efforts of Airport Management to communicate with all its tenants. This will measure Airport Administration's attempt to communicate with a variety of tenants including General Aviation, Commercial Airlines, Rental Car providers, Ground Transportation operations as well as other concessionaires. We will change the venue and time of the meetings each quarter in order to accommodate more individual's schedules and to increase participation.

How are we doing? It is important for Airport tenants to be aware of what is transpiring at the Airport and have input where appropriate to administration policies and procedures to ensure the safe and efficient operation of the facility. Additionally, the quarterly forums will allow management to update tenant to the status and planning of Capital Improvement projects.

4. Performance Measure: Process airport complaints within 24 hours of receipt.

05-06 Actual Results	06-07 Actual Results	07-08 Actual Results	08-09 Actual Results	09-10 Adopted	09-10 Actual Results	10-11 Target
N/A	N/A	N/A	N/A	N/A	New	Respond and resolve 60% of complaints or comments within 24 hours

What: Measures Airport Services response to comments or complaints regarding services or operations

Why: This measure helps to show the public that Airport Services will respond to comments and complaints in a timely manner.

How are we doing? Airport Administration needs to be responsive to complaints or comments from tenants, users, or the general public. While many complaints such as those relating to noise are generally beyond the control of the Airport, a timely response to a comment demonstrates the Airport's commitment to the community.