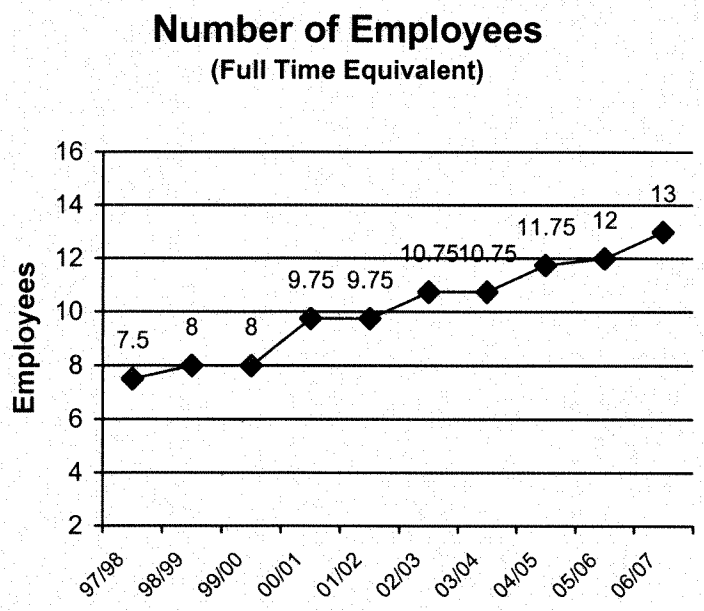
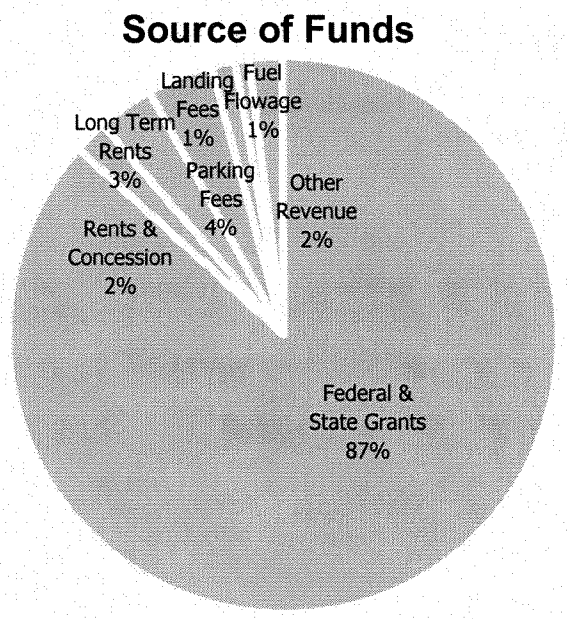
MISSION STATEMENT

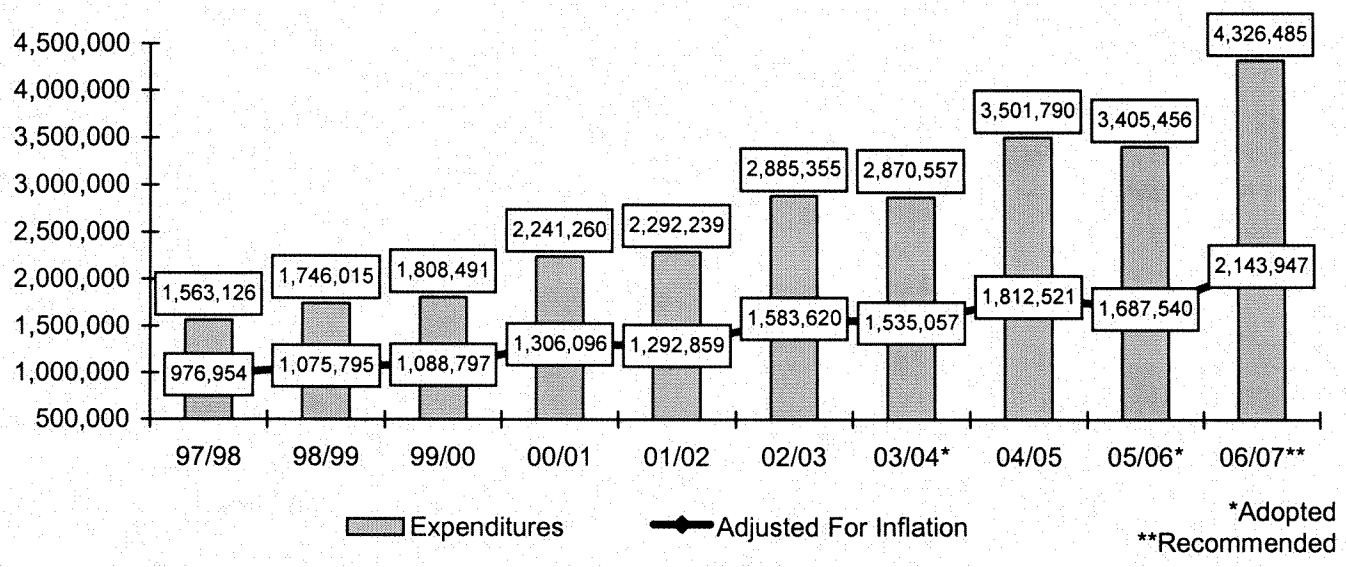
To provide for the safe and efficient operation of the airport and deliver to the community aviation services through the total efforts of knowledgeable, conscientious, dedicated staff empowered by the public they serve.

SCHEDULE 11

OPERATING DETAIL	ACTUAL 2004-05	ESTIMATED 2005-06	PROPOSED ESTIMATES 2006-07	RECOMMENDED ESTIMATES 2006-07
(1)	(2)	(3)	(4)	(5)
REVENUES:				
OPERATING REVENUES				
FED AID SECURITY	281,174	270,000	276,289	276,289
RENTS and Concessions	363,079	430,000	467,000	467,000
Rents - Long Term	699,172	689,600	804,329	804,329
Parking Fees	819,146	875,000	904,000	904,000
Landing Fees	247,757	300,000	325,000	325,000
Fuel Flowage	209,043	234,000	240,000	240,000
Other Revenues	183,692	200,250	450,340	450,340
TOTAL OPERATING REVENUES	2,803,063	2,998,850	3,466,958	3,466,958
NONOPERATING REVENUES				
Grants-Federal/State	3,198,147	5,110,000	20,536,835	20,536,835
CALTRANS AERONATICAL LN	0	4,734,200	0	0
CAR RENTAL FAC LOAN	0	1,000,000	0	0
Other	390,244	1,790,000	1,683,255	1,683,255
Interest	11,994	15,000	16,000	16,000
TOTAL NONOPERATING REVENUES	3,600,385	12,649,200	22,236,090	22,236,090
TOTAL REVENUES	6,403,448	15,648,050	25,703,048	25,703,048
EXPENSES:				
OPERATING EXPENSES				
Salaries and Benefits	907,083	958,000	1,110,502	1,110,502
Services and Supplies	1,650,456	1,470,757	1,635,620	1,635,620
Countywide Overhead	218,747	304,537	362,635	362,635
Taxes & Assessments	0	0	0	0
Depreciation	529,460	466,000	474,000	474,000
TOTAL OPERATING EXPENSES	3,305,746	3,199,294	3,582,757	3,582,757
NONOPERATING EXPENSES				
General Fund Loan Payment	196,044	206,162	743,728	743,728
Operating Transfers In/Out	0	0	0	0
TOTAL NONOPERATING EXPENSES	196,044	206,162	743,728	743,728
TOTAL EXPENSES	3,501,790	3,405,456	4,326,485	4,326,485
NET INCOME (LOSS)	2,901,658	12,242,594	21,376,563	21,376,563
FIXED ASSET EXPENDITURES				
Capital Projects	3,170,619	8,233,000	21,565,090	21,565,090
Fixed Assets	0	0	0	0
Land	0	0	0	0
TOTAL FIXED ASSET EXPENDITURES	3,170,619	8,233,000	21,565,090	21,565,090







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 and Oceano County Airports serving commercial airline, private and business aviation users.

Total Expenditures: $4,326,485 Total Staffing (FTE): 13.0

Capital Projects at County Airports

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

Total Expenditures: $21,565,090 Total Staffing (FTE): 0

DEPARTMENT COMMENTS

The Airports Division of General Services provides for the safest mode of air transportation to the community while maintaining a vigorous capital improvement program intended to support the aviation system. The current budget methodology of setting fees prior to the budget process, makes it increasingly difficult to balance the airports budget, yet retain the service level required to operate safely and meet community expectations. Aggressive negotiations and a strong relationship with the FAA have and will continue to result in insuring airport facilities provide a safe and healthy environment for the community, while providing improved services that make our community more livable and prosperous as defined in the County Communitywide Results.

Curent Year Accomplishments - San Luis Obispo County Regional Airport

Customer Service and Community Impacts - An Economic Benefit Study included in the Master Plan update accepted by the Board of Supervisors January 25, 2005, reveals the economic benefit of the San Luis Obispo County Regional Airport totals more than $143 million in annual revenue to the County. • Total passengers in 2005 set an all-time record of 358,428, surpassing the previous record by nearly 12%. Passenger enplanements reached 181,019. Enplanements are an industry standard used to measure commercial service airports performance and provide the basis for distributing entitlement funds under the Airport Improvement Program. Passenger Facility Charge collections are also affected by this statistic. Deplaning passengers are not calculated within federal programs, but their numbers are important as they effect rental car revenues and add economic benefit to the community. • New services were added to the terminal as requested by patrons in a terminal user survey and include an ATM, coffee cart, remodeled snack bar and a gift store and vending machines in the secure holdroom. Amenities were welcomed and enhanced airport revenues. • The Transportation Security Administration (TSA) announced severe cutbacks in security screener allocations. Airport management persistence and aid from our Congressional representatives, resulted in reinstatement of TSA screening staff. The screener reduction would have significantly impacted security screening operations. • An Airport Operations Supervisor was added in FY 05/06 to ensure all requirements of PL 107-71 are met. The AOS also submitted a revised Airport Security Plan to TSA for review and approval anticipated by fiscal year end. The result includes a change in airport category from Category IV to Category III. The details of that change are too numerous to enumerate here, but without the Operations Supervisor this could not have been accomplished.

Internal Business Improvements - New hangar development required a variety of controls be revised and/or established including an update of airport rules and regulations in Title 24 of the County Code, a hangar waiting list, maintenance of the list, waiting list policy, hangar assignment lottery and new tiedown/hangar rental agreements. • A new Fixed Base Operator (FBO) site and Requests for Proposal were offered. Selection of the tenant is anticipated by fiscal year end. An FBO lease was developed as part of the RFP process. • The Airport Real Property Agent commenced review of airport contracts, upgraded or standardized them to minimize legal exposure.

Finance - Capital Development and Financial Achievements • $3.5 million in FAA grant funding secured for hangar taxiway development, access road improvements, midfield taxiway reconfiguration and drainage improvements. • $4.7 million loan from CalTrans for hangar development and construction to provide storage space to replace hangars displaced by future terminal development. • $100,000 terminal remodel financed from PFC revenues allowed movement of the checked baggage screening equipment behind the ticket counter for efficient movement of bags, a more spacious environment for customers and allowed the TSA to add a second screening lane. • New Airport Fire Station 21 dedicated Spring 2006. Project was funded in part (50%) by an FAA grant. • Commenced development of $2.1 million Quick-Turn Around car rental facility funded by Customer Facility Charges (CFCs). • On track to receive a $15 million grant from FAA for the proposed runway extension. Benefits outweigh costs for this project on a 3:1 ratio.

Learning and Growth - The Airports Division emphasizes training of personnel to meet all the requirements of federal law. Industry courses, conferences and seminars provide the training opportunities for staff. Opportunities provided on the Internet such as those subscribed from the American Association of Airport

Executives (AAAE) will continue to be pursued and utilized. • Staff completing the Accredited Airport Executive (AAE) and airport certified employee (ACE) programs is recognized. One AAE and two ACE designations will be awarded by fiscal year end. • The Airports Manager was awarded Airport Executive of the Year in the Southwest airports region. • Aside from the conversion of the Associate Real Property Agent from a contracted to a permanent position, the airport must consider the challenge of staffing on a 24/7 basis in the coming years by adding operations personnel. Adequate staffing levels to meet federally mandated safety and operational regulations cannot be avoided.

Major Focus for FY 2006/07

Finance and Capital Improvements - Construction of the realigned Santa Fe Road • Runway Extension construction • Completion of the Hangar Project • Midfield Taxiway improvements and construction • New FBO facility development and construction • Fuel Farm Facility • New Terminal Design • Terminal Access Road Improvements, including signalization at Aero Drive and Hwy. 227.
Terminal Development - Separate and apart from the "horizontal" capital development will be the ultimate design and construction of the terminal complex, including the parking structure. Funding and financing of the complex is being explored for terminal costs not eligible under the FAA Airport Improvement Program. Although airport revenues will support some of the financing costs, it is important not to price our tenants out of the marketplace and therefore remain competitive.

Oceano Airport

Customer Service, Finance and Capital Improvements • New self-serve aviation fuel facility installed and fuel service made available to airport users after an absence of more than a year. • Airport runway, taxiways and tiedowns rehabilitated and repaved; drainage improvements, lighting, pavement markings and signage.

Major Focus for FY 2006/07 - Complete the Airport Master Plan • Commence the Master Plan Environmental Process • Concession Agreement Negotiations • Manage the impact of the Zone 1/1A Flood Control Assessment

RECOMMENDED BUDGET AUGMENTATION REQUESTS AND RELATED RESULTS

Unit /Amount	Description	Results
Gross: $82,550 General Fund Support: 0 Paid for by FAA grant and Airport revenue	Convert a contract Associate Real Property Agent to permanent to coordinate issues between airport management, legal counsel, and outside consultants in property acquisition negotiations.	• Resolve day to day issues with lease site compliance and airport concessionaires. • Coordinate issues with property acquisitions. • Negotiate new concessionaire agreements with car rental concessions, east side hanger lease agreements and fixed based operations that will result in additional revenue to the Airport.

COUNTY ADMINISTRATOR'S COMMENTS AND RECOMMENDATIONS

The Airport is an Enterprise Fund and as such, is self supporting through user fees. This budget does not receive any money from the General Fund. The overall budget is recommended at approximately $25.7 million and is comprised of two distinct functions: operations and capital projects.

The operational budget is recommended at approximately $4.3 million, an increase of $824,695 over adopted FY 05/06. The main increases include a recommendation to add an Associate Real Property Agent and an increase in loan and interest payments. The Real Property Agent is currently a contract and it was felt that making this position would be more beneficial to the overall operations of the Airport as this position plays a key role in fulfilling FAA commitments such as runway extensions, hangar and new terminal development, and the construction of the rental car facility, among other things. The Airport renegotiated the General Fund loan (adding $96,000) used to purchase the Cowan property to include construction of the rental car facility. Customer Facilities Fees are used to pay the principal and interest on this loan. The CalTrans principal and interest payment of $407,728 is paid with rents received from the hangar project.

This capital budget is recommended at $21,565,090, a 6% increase from 2005-06. Projects at the San Luis Obispo Regional Airport include the extension of Runway 11 as well as EMAS installation for Runways 11 and 39. The majority of revenue used to pay for these projects is from FAA grants and passenger facility fees.

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 FAA inspections of appropriate safety and security measures.

01-02 Actual Results	02-03 Actual Results	03-04 Actual Results	04-05 Actual Results	05-06 Adopted	05-06 Projected Results	06-07 Target
99%	99%	99%	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 100% standard. The most recent inspection indicated minor marking and signage issues that could be improved. Non-compliance issues are addressed through FAA "Letters of Correction". Corrections are addressed, remedied and reported back to the FAA. Next FAA inspection will occur summer 2006.

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 employees per 10,000 annual enplanements (boarding passengers) and operations (take off or landing of aircraft).

01-02 Actual Results	02-03 Actual Results	03-04 Actual Results	04-05 Actual Results	05-06 Adopted	05-06 Projected Results	06-07 Target
.65 Employees/ Enplanement .65 Employees/ Operations	.70 Employees/ Enplanement .85 Employees/ Operations	.69 Employees/ Enplanement .98 Employees/ Operations	.74 Employees/ Enplanement 1.23 Employees/ Operations	.71 Employees/ Enplanement 1.03 Employees/ Operations	.70 Employees/ Enplanement 1.42 Employees/ Operations	.67 Employees/ Enplanement 1.42 Employees/ Operations

What: Measures staffing in relationship to workload.

Why: This measure helps to show the public that the Airport Enterprise is efficiently staffed.

How are we doing? The 05-06 projected results for employees/enplanement reflect additional headcount of a contracted property agent, a new operations specialist, and a .25 FTE senior acct clerk. 05-06 projected results show an improvement over budget. Employees/operation relates more to services levels for general aviation. General aviation accounts for approximately 83% of operations. The 05/06 adopted budget projected a higher level of operations than we are currently experiencing due to a decline in general aviation operations. However, General Aviation operations are highly dynamic and the decline is not an indication of future trends.