

BUDGET REVIEW EXECUTIVE SUMMARY

YEAR ONE: FY 2012-13

Budget Changes

The department’s proposed \$838,016,536 budget for FY 2011-12 is \$81,871,314 or 10.8 percent more than the original FY 2011-12 budget of \$ 756,145,222.

Personnel Changes

The number of full-time equivalent positions (FTE) budgeted for FY 2012-13 is 1,469.52 FTEs, which is 92.21 FTEs more than the 1,377.31 FTEs in the original FY 2011-12 budget. This represents 6.7 percent increase in FTEs from the original FY 2011-12 budget.

Revenue Changes

Consistent with expenditures, the Department’s revenues have increased by \$81,871,314 or 10.8 percent from the original FY 2011-12 budget of \$756,145,222 to the proposed FY 2012-13 budget of \$838,016,536.

YEAR TWO: FY 2013-14

Budget Changes

The department’s proposed \$865,701,259 budget for FY 2013-14 is \$27,684,723 or 3.3 percent more than the proposed FY 2012-13 budget of \$838,016,536.

Personnel Changes

The number of FTEs budgeted for FY 2013-14 is 1,488.42 FTEs, which is 18.9 FTEs more than the 1,469.52 FTEs in the proposed FY 2012-13 budget.

Revenue Changes

Consistent with expenditures, the Department’s revenues have increased by \$27,684,723 or 3.3 percent, from the proposed FY 2012-13 budget of \$838,016,536 to the proposed FY 2013-14 budget of \$865,701,259.

RECOMMENDED REDUCTIONS

The Budget and Legislative Analyst’s recommended reductions to the proposed budget total \$1,995,765 in FY 2012-13 and \$1,940,941 in FY 2013-14. These reductions would still allow an increase of \$79,875,549 or 10.6 percent in the Department’s FY 2012-13 budget and \$25,743,782 or 3.1 percent in the Department’s FY 2013-14 budget.

**RECOMMENDATIONS OF THE BUDGET & LEGISLATIVE ANALYST
FOR AMENDMENT OF BUDGET ITEMS, FISCAL YEARS 2012-13 & 2013-14**

DEPARTMENT: AIR – AIRPORT

SUMMARY OF PROGRAM EXPENDITURES:

Program	2011-2012 Budget	2012-2013 Proposed	Change From 2011-2012	2013-2014 Proposed	Change From 2012-2013
ADMINISTRATION	36,899,762	42,335,878	5,436,116	44,572,563	2,236,685
AIRPORT DIRECTOR	16,579,536	8,681,265	(7,898,271)	8,823,278	142,013
BUREAU OF DESIGN AND CONSTRUCTION	5,621,140	13,346,864	7,725,724	14,027,455	680,591
BUSINESS & FINANCE	428,766,832	448,091,868	19,325,036	467,436,020	19,344,152
CAPITAL PROJECTS AND GRANTS	39,498,903	80,519,484	41,020,581	76,229,491	(4,289,993)
CHIEF OPERATING OFFICER	4,595,869	4,811,312	215,443	5,111,470	300,158
COMMUNICATIONS & MARKETING	5,862,433	6,301,302	438,869	6,480,587	179,285
CONTINUING PROJECTS, MAINT AND RENEWAL FACILITIES	7,075,000	10,500,000	3,425,000	9,310,000	(1,190,000)
FIRE AIRPORT BUREAU NON-PERSONNEL COST	148,844,080	155,996,876	7,152,796	164,167,236	8,170,360
OPERATIONS AND SECURITY	811,248	678,947	(132,301)	598,434	(80,513)
PLANNING DIVISION	55,098,535	59,634,287	4,535,752	61,941,342	2,307,055
POLICE AIRPORT BUREAU NON-PERSONNEL COST	4,019,107	3,551,512	(467,595)	3,827,380	275,868
AIRPORT COMMISSION Total	756,145,222	838,016,536	81,871,314	865,701,259	27,684,723

The Department’s proposed FY 2012-13 budget has increased by \$81,871,314 largely due to:

- The annualized cost of positions added in prior years as well as proposed new positions;
- Additional services and cost increases for shuttle bus, parking management, and the Airline Liaison Office as well as a proposed parking tax on the ballot in San Mateo County;
- Police Academy trainees to replace officers assigned to SFO; and,
- Higher debt service expenses as the result of scheduled increases for previously issued bonds.

The Department’s proposed FY 2013-14 budget will be increasing by \$27,684,723 largely due to:

- The additional cost of positions added in prior years and proposed new positions;
- Additional services and cost increase for information technology services, parking management services, and equipment maintenance; and,
- Higher debt service payments that will increase again as the result of scheduled increases for previously issued bonds.

**RECOMMENDATIONS OF THE BUDGET & LEGISLATIVE ANALYST
FOR AMENDMENT OF BUDGET ITEMS, FISCAL YEARS 2012-13 & 2013-14**

DEPARTMENT: AIR – AIRPORT

DEPARTMENT PERSONNEL SUMMARY:

The number of full-time equivalent positions (FTE) budgeted for FY 2012-13 is 1,469.52 FTEs, which is 92.21 FTEs more than the 1,377.31 FTEs in the original FY 2011-12 budget. This represents 6.7 percent increase in FTEs from the original FY 2011-12 budget.

The number of FTEs budgeted for FY 2013-14 is 1,488.42 FTEs, which is 18.9 FTEs more than the 1,469.52 FTEs in the proposed FY 2012-13 budget.

DEPARTMENT REVENUES:

Department revenues have increased by \$81,871,314 or 10.8 percent from FY 2011-12 to FY 2012-13. Revenue increases are resulting from:

- An increase in enplanements (the number of passengers boarding a plane) from FY 2011-12 to FY 2012-13. Recent increases in service primarily reflect domestic growth, with new or more frequent flights by United Airlines following its merger with Continental Airlines, and the continued expansion of Virgin America. The Airport has also seen an increase in international flights. These changes will lead to increased revenues from landing fees, airline rental fees, parking and transportation, and other concessions. The Department expects these changes will lead to landing fee revenue increases from FY 2011-12 to FY 2012-13 based on landed weight forecasts.
- The Department also expects increased revenues from FY 2011-12 to FY 2012-13 due to increased rental rates and increased leased space as United Airlines takes on additional space in Boarding Area B and increased parking and other concession revenue.

Department revenues have increased by \$27,684,723 or 3.3 percent in the proposed FY 2013-14 budget. Revenue increases are resulting from:

- Department forecasts that enplanements will continue to increase from FY 2012-13 to FY 2013-14. This will lead to increased revenues from landing fees, airline rental fees, parking and transportation, and other concessions to increase. The Department expects revenues from Airport landing fees to increase from FY 2012-13 to 2013-14 based on landed weight forecasts.
- Increases in rental rates and leased space. Additionally, the Department expects total concession revenue to increase from FY 2012-13 to FY 2013-14 due to increased passenger activity.

COMMENTS:

The Budget and Legislative Analyst's recommended reductions to the proposed budget total \$1,995,765 in FY 2012-13 and \$1,940,941 in FY 2013-14. These reductions would still allow an increase of \$79,875,549 or 10.6 percent in the Department's FY 2012-13 budget and \$25,743,782 or 3.1 percent in the Department's FY 2013-14 budget.

**Recommendations of the Budget and Legislative Analyst
For Amendment of Budget Items in the FY 2012-13 and FY 2013-14 Fixed Two-Year Budget**

AIR - Airport

Object Title	FY 2012-13						FY 2013-14					
	FTE		Amount		Savings	GF IT	FTE		Amount		Savings	GF IT
	From	To	From	To			From	To	From	To		
BG1- Administration (5A AAA AAA)	SFLA Operating Non-Project Controlled											
1043 IS Engineer, Senior	1.00	0.00	\$124,644	\$0	\$124,644					\$124,644	\$0	\$124,644
1042 IS Engineer, Journey	0.00	1.00	\$0	\$112,476	(\$112,476)					\$0	\$112,476	(\$112,476)
Mandatory Fringe Benefits			\$44,697	\$42,276	\$2,421					\$50,216	\$47,333	\$2,883
			<i>Total Savings</i>	\$14,589						<i>Total Savings</i>	\$15,051	
	Disapprove the upward substitution of a 1042 IS Engineer, Journey to 1043 IS Engineer, Senior. This reduction will still allow the Department to substitute another 1042 IS Engineer, Journey position to a 1043 IS Engineer, Senior.											
Permanent Salaries- Miscellaneous			(\$4,080,242)	(\$4,230,242)	\$150,000					(\$3,391,497)	(\$3,541,497)	\$150,000
Mandatory Fringe Benefits			(\$1,776,334)	(\$1,841,584)	\$65,250					(\$1,671,765)	(\$1,737,015)	\$65,250
			<i>Total Savings</i>	\$215,250						<i>Total Savings</i>	\$215,250	
	Increase Attrition Savings by \$150,000, thus reducing Permanent Salaries, to reflect actual expenditures in prior fiscal years and projected expenditures in FY 2011-12.											
Professional & Specialized Services			\$1,379,499	\$1,354,499	\$25,000					\$1,248,228	\$1,223,228	\$25,000
	The Department's contract with Catholic Healthcare West (aka Dignity Health) provides medical clinic services. The Department has increased the contract amount by \$146,842, from \$1,232,657 in FY 2011-12 to \$1,379,499 in FY 2012-13. The proposed reduction of \$25,000 reflects projected expenditures in FY 2012-13 as well as historical expenditures.											
Professional & Specialized Services			\$450,000	\$400,000	\$50,000					\$200,000	\$200,000	\$0
	The Department has a contract with SFOtec for after-hours, weekend and holiday network monitoring, reporting and restoration of Airport Systems and Networks. The Department has requested a \$140,000 increase in the contract from \$310,000 in FY 2011-12 to \$450,000 in FY 2012-13, but is not projected to fully expend on the contract in FY 2011-12. This \$50,000 reduction would still allow a \$40,000 increase in the contract amount from FY 2011-12 to FY 2012-13.											
Maintenance Services- Equipment			\$1,024,250	\$949,250	\$75,000					\$1,324,250	\$1,249,250	\$75,000
	Reduce to reflect actual expenditures in prior fiscal years and projected expenditures in FY 2011-12.											
Other Current Expenses			\$2,863,350	\$2,788,350	\$75,000					\$2,837,725	\$2,762,725	\$75,000
	Reduce to reflect actual expenditures in prior fiscal years and projected expenditures in FY 2011-12.											

**Recommendations of the Budget and Legislative Analyst
For Amendment of Budget Items in the FY 2012-13 and FY 2013-14 Fixed Two-Year Budget**

AIR - Airport

Object Title	FY 2012-13						FY 2013-14							
	FTE		Amount		Savings	GF	IT	FTE		Amount		Savings	GF	IT
	From	To	From	To				From	To	From	To			
Equipment Purchase			\$458,500	\$447,662	\$10,838		x			\$388,000	\$384,387	\$3,613		x
	Based on vendor quote.													
BG2- Business & Finance (5A AAA AAA)	SFIA Operating Non-Project Controlled													
Premium Pay			\$28,594	\$26,094	\$2,500					\$28,594	\$26,094	\$2,500		
Mandatory Fringe Benefits			\$2,270	\$2,072	\$198					\$2,270	\$2,072	\$198		
			<i>Total Savings</i>		\$2,698					<i>Total Savings</i>		\$2,698		
	Reduce to reflect actual expenditures in prior fiscal years and projected expenditures in FY 2011-12.													
Professional & Specialized Services			\$2,193,747	\$2,043,747	\$150,000					\$2,193,747	\$2,043,747	\$150,000		
	The Department has a contract with Smart Carte for the provision of free luggage carts in the International Terminal customs area. The Department has not fully expended on the contract in FY 2011-12 and is projected to expend less than the budgeted amount for FY 2012-13.													
Maintenance Services-Equipment			\$475,768	\$275,768	\$200,000					\$475,765	\$275,765	\$200,000		
	Reduce to reflect projected expenditures for FY 2012-13.													
Other Current Expenses			\$137,170	\$129,670	\$7,500					\$138,445	\$130,945	\$7,500		
	Reduce to reflect actual expenditures in prior fiscal years and projected expenditures in FY 2011-12.													
Equipment Purchase			\$25,000	\$18,448	\$6,552		x			\$0	\$0	\$0		
	Based on vendor quote.													

**Recommendations of the Budget and Legislative Analyst
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AIR - Airport

Object Title	FY 2012-13						FY 2013-14						
	FTE		Amount		Savings	GF IT	FTE		Amount		Savings	GF IT	
	From	To	From	To			From	To	From	To			
BG3- Communications & Marketing (5A AAA AAA)													
Professional & Specialized Services			\$1,152,400	\$1,132,400	\$20,000				\$1,152,400	\$1,132,400	\$20,000		
	SFIA Operating Non-Project Controlled The Department has a contract with the International Strategic Marketing Alliance Pool to promote tourism, trade, and international air traffic to San Francisco. The Department did not expend the entirety of the contract in FY 2010-11 and is not projected to do so in FY 2011-12.												
Other Current Expenses			\$126,955	\$106,955	\$20,000				\$126,955	\$106,955	\$20,000		
	Reduce to reflect actual expenditures in prior fiscal years and projected expenditures in FY 2011-12.												
BG4- Chief Operating Officer (5A AAA AAA)													
Other Current Expenses			\$239,500	\$234,500	\$5,000				\$240,000	\$235,000	\$5,000		
	Reduce to reflect actual expenditures in prior fiscal years and projected expenditures in FY 2011-12.												
BG6- Facilities (5A AAA AAA)													
Premium Pay			\$3,007,000	\$2,992,000	\$15,000				\$3,007,000	\$2,992,000	\$15,000		
Mandatory Fringe Benefits			\$238,756	\$237,565	\$1,191				\$238,756	\$237,565	\$1,191		
	<i>Total Savings</i> \$16,191												
	Reduce to reflect actual expenditures in prior fiscal years and projected expenditures in FY 2011-12.												
Professional & Specialized Services			\$24,000	\$20,000	\$4,000				\$24,000	\$20,000	\$4,000		
	Reduce to reflect actual expenditures in prior fiscal years and projected expenditures in FY 2011-12.												
9993 M Attrition Savings			(\$1,349,846)	(\$1,649,846)	\$300,000				(\$1,239,846)	(\$1,539,846)	\$300,000		
Mandatory Fringe Benefits			(\$627,813)	(\$767,343)	\$139,530				(\$639,183)	(\$793,842)	\$154,659		
	<i>Total Savings</i> \$439,530												
	The Department has reduced Attrition Savings by \$1,087,059 from (\$2,436,905) in FY 2011-12 to (\$1,349,846) in FY 2012-13. The proposed increase in Attrition Savings reflects projected actual salary savings and should provide sufficient funds for salaries.												
	Ongoing reduction												

**Recommendations of the Budget and Legislative Analyst
For Amendment of Budget Items in the FY 2012-13 and FY 2013-14 Fixed Two-Year Budget**

AIR - Airport

Object Title	FY 2012-13						FY 2013-14					
	FTE		Amount		Savings	GF IT	FTE		Amount		Savings	GF IT
	From	To	From	To			From	To	From	To		
9993 M Attrition Savings			(\$35,896)	(\$135,896)	\$100,000					(\$35,896)	(\$135,896)	\$100,000
Mandatory Fringe Benefits			(\$16,736)	(\$63,360)	\$46,624					(\$18,553)	(\$70,238)	\$51,685
			<i>Total Savings</i>		\$146,624					<i>Total Savings</i>		\$151,685
The Department has reduced Attrition Savings by \$500,617 from (\$536,513) in FY 2011-12 to (\$35,896) in FY 2012-13. The proposed increase in Attrition Savings reflects projected actual salary savings and should provide sufficient funds for salaries.												
Maintenance Services-Buildings & Structures			\$1,591,400	\$1,391,400	\$200,000					\$1,646,400	\$1,446,400	\$200,000
Reduce to reflect actual expenditures in prior fiscal years and projected expenditures in FY 2011-12.												
Equipment Maintenance Supplies			\$2,044,708	\$1,984,708	\$60,000					\$2,040,183	\$1,980,183	\$60,000
Reduce to reflect actual expenditures in prior fiscal years and projected expenditures in FY 2011-12.												
BG7- Operations and Security (5A AAA AAA)												
Maintenance Services-Equipment			\$15,804,723	\$15,604,723	\$200,000					\$16,593,828	\$16,393,828	\$200,000
Reduce to reflect projected expenditures for FY 2012-13.												
Equipment Purchase			\$45,000	\$42,006	\$2,994					\$0	\$0	\$0
Based on vendor quote.												
BG8- Bureau of Design & Construction (5A AAA AAA)												
Premium Pay			\$58,053	\$48,053	\$10,000					\$58,053	\$48,053	\$10,000
Mandatory Fringe Benefits			\$4,276	\$3,539	\$737					\$4,610	\$3,816	\$794
			<i>Total Savings</i>		\$10,737					<i>Total Savings</i>		\$10,794
Reduce to reflect actual expenditures in prior fiscal years and projected expenditures in FY 2011-12.												
Ongoing reduction												
Ongoing reduction												
Ongoing reduction												

**Recommendations of the Budget and Legislative Analyst
For Amendment of Budget Items in the FY 2012-13 and FY 2013-14 Fixed Two-Year Budget**

AIR - Airport

Object Title	FY 2012-13						FY 2013-14							
	FTE		Amount		Savings	GF	IT	FTE		Amount		Savings	GF	IT
	From	To	From	To				From	To	From	To			
Equipment Purchase			\$30,000	\$21,238	\$8,762					\$0	\$0	\$0		
Based on vendor quote.														
BG9- Planning Division (5A AAA AAA)	SFIA Operating Non-Project Controlled													
Other Materials & Supplies			\$14,500	\$10,000	\$4,500					\$14,500	\$10,000	\$4,500		
Reduce to reflect actual expenditures in prior fiscal years and projected expenditures in FY 2011-12. Ongoing reduction														
BGQ- Fire Airport Bureau (5A AAA AAA)	SFIA Operating Non-Project Controlled													
Training			\$130,000	\$120,000	\$10,000					\$130,000	\$120,000	\$10,000		
Reduce to reflect actual expenditures in prior fiscal years and projected expenditures in FY 2011-12. Ongoing reduction														
BGR- Police Airport Bureau (5A AAA AAA)	SFIA Operating Non-Project Controlled													
Training			\$78,000	\$63,000	\$15,000					\$78,000	\$63,000	\$15,000		
Reduce to reflect projected expenditures in FY 2012-13. Ongoing reduction														

FY 2012-13

Total Recommended Reductions

	One-Time	Ongoing	Total
General Fund	\$0	\$0	\$0
Non-General Fund	\$79,146	\$1,916,619	\$1,995,765
Total	\$79,146	\$1,916,619	\$1,995,765

FY 2013-14

Total Recommended Reductions

	One-Time	Ongoing	Total
General Fund	\$0	\$0	\$0
Non-General Fund	\$3,613	\$1,937,328	\$1,940,941
Total	\$3,613	\$1,937,328	\$1,940,941