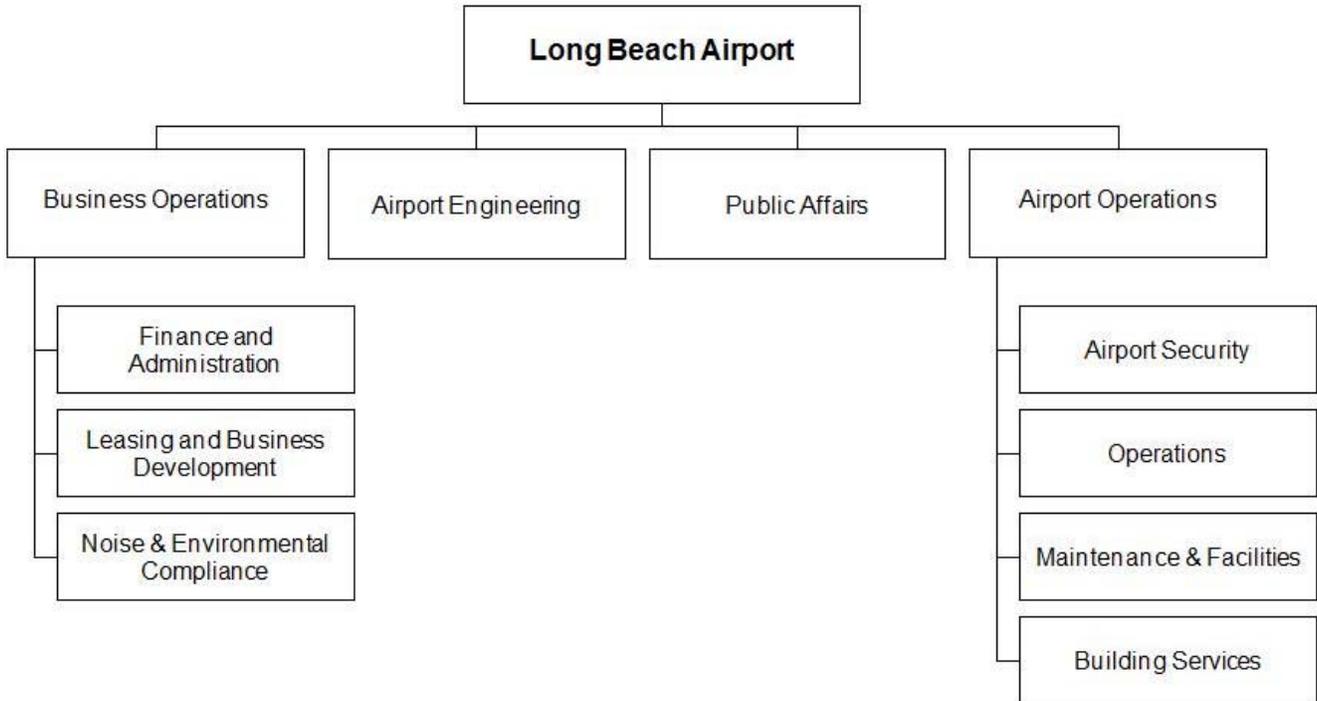


Long Beach Airport



Reginald Harrison, Acting Director of Long Beach Airport

Claudia Lewis, Manager, Business Operations Bureau

Carolyn Carlton-Lowe, Manager, Airport Operations Bureau

Department Overview

Mission:

To provide the highest level of customer service while operating a safe, efficient and environmentally sustainable airport.

Core Services:

- Provide the highest level of customer service
- Maintain the highest level of safety and security
- Improve the quality of life of the surrounding community
- Provide a fair and reasonable operating cost to our business partners
- Enhance the value and economic impact of LGB to its stake-holders, including the Long Beach community
- Maintain an efficient and effective business model

FY 15 Focus:

In FY 15, the Airport will continue to focus on delivering its core services in the most efficient manner. That includes making sound business decisions to address the changes in the aviation industry and that promote the long-term financial stability of the Airport. The Airport strives to provide the highest level of customer service to its business partners, including both airlines and tenants.

The Airport Capital Improvement Program is planning future projects to enhance the passenger experience. The Airport is intending to use Customer Facility Charges (CFC) which is a fee charged by car rental agencies on each rental transaction and passed on to the Airport to expend on a car rental facility or transportation system between the rental facility and the terminal. Over the next five years, the Airport will begin a design-build of a new car rental customer service building (CSB), Quick Turnaround Facility (QTA) and a new Ground Transportation Center. In addition, improvements to the Lot A parking structure will make Long Beach Airport that much more convenient.

The Airport continues to monitor and curtail its spending to ensure a low cost per enplaned passenger. Signs of increased confidence in the economy were evident in the increased passenger traffic at Long Beach Airport in FY 12. However, through FY 13 and FY 14, passenger traffic has decreased primarily due to JetBlue's reduction in the number of their flights. For FY 15, the Long Beach Airport will be poised to seize opportunities to enhance revenue and improve the customer experience.

Department Performance Measures

Key Measure	FY 13 Actual	FY 14 Target	FY 14 Estimate	FY 15 Projection
Number of law enforcement calls responded to	34,934	35,000	35,000	35,000

The Airport anticipates the number of calls requiring Airport law enforcement response in FY 15 to mirror that of FY 14. The call responses are to ensure a safe and secure environment across the Airport property. On-going construction related activities continue to require security support for escort services and ID checks.

Key Measure	FY 13 Actual	FY 14 Target	FY 14 Estimate	FY 15 Projection
Dollar expenditure per passenger served	\$7.50	\$8.52	\$8.68	\$9.13

The Airline cost per passenger for FY 14 will increase over FY 13 due to an airline rate increase enacted mid-year for the second year in a row. It is primarily JetBlue's under-utilization of its slots that negatively impacted airport revenues by reducing airline fees collected and driving down parking, ground transportation and concession revenues. At this time, JetBlue has no intentions of increasing its number of flights except for modest increases for a couple of the summer months.

Key Measure	FY 13 Actual	FY 14 Target	FY 14 Estimate	FY 15 Projection
Number of airfield and facility maintenance request responses completed	444	496	500	514

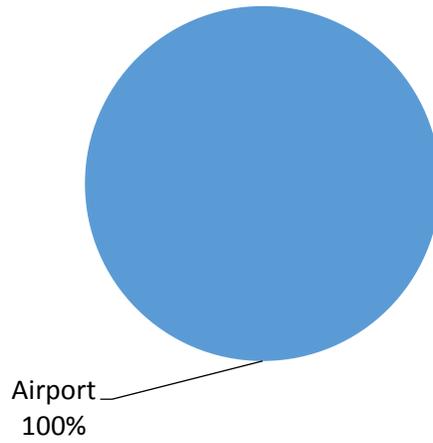
The number of airfield and facility maintenance requests completed will increase slightly for FY 14 and FY 15 as the Facilities Maintenance and Building Services divisions provide services for the concourse facility and the historic terminal. They are performing more services in-house such as steam-cleaning the terminal, carpet repair, carpet shampooing and window-washing the concourse glass.

FY 14 Accomplishments

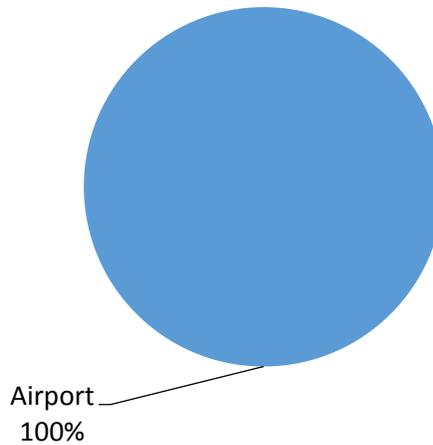
- The Airport passed its FAA annual inspection with zero discrepancies.
- The Airport completed construction of Phase I Improvements to the Terminal Area of the New Passenger Concourse which opened to the public on December 12, 2012.
- The Airport received several recognitions and awards including:
 - Best Food and Beverage Program (Small hub category) from Airports Council International – North America
 - Transportation Project of the Year from Southwest Chapter of American Public Works Association
 - Long Beach Heritage Preservation Award
 - Named in *BBC* list of Top 10 Most Beautiful Airports
 - Named in *Fodor's* list of Top 10 Airport Terminals of 2014
 - Named Best Airport of 2013 in *OC Weekly* "Best of OC" issue
 - Ranked #1 of 42 Top-rated Long Beach attractions on TripAdvisor
- The Airport completed construction of multi-year improvements to the air carrier ramp including installation of aircraft ground power pedestals enabling electrification of the remaining six aircraft parking pads to eliminate idling engines.
- The Airport completed runway safety area improvements to Runway 30, reconstruction of Taxiway J, and Taxiways A and D.
- The Airport successfully managed the Special Olympics Plane-Pull, the Airport's 90th Anniversary Fly-In, a variety of special events and film shoots around the airport property, and monitoring of on-going construction, all the while maintaining a robust safety and security posture.
- The Airport's Stormwater Pollution Prevention program sustained no violations.
- Increased social media awareness with the launch of the Go LGB Airport app, increased social media followers on Facebook and Twitter and maintained 4.5 star ratings on Yelp and TripAdvisor.

FY 15 Budget

FY 15 Revenue by Fund



FY 15 Expenditures by Fund



Fund Impact

Fund	Revenues	Expenditures	Fund Impact
Airport	43,558,611	42,122,257	1,436,354
Total	43,558,611	42,122,257	1,436,354

Summary of Adopted Changes*

AIRPORT FUND	Impact on Fund	Positions
Increase various revenues, including airline fees revenue, indirect airline revenues and non-airline revenues to align budget with actuals.	\$ 2,708	-
Upgrade Airport Non-Career positions (Airport Operations Assistant I and Maintenance Assistants) to Permanent Full-Time positions.	\$ 69,576	-
Adjust various materials budget to align budget with actuals.	\$ (125,000)	-
Non-recurring increase for Airport Parking Structure Improvements to Lot A Parking Garage.	\$ 1,000,000	-
Non-recurring increase for Terminal Area Improvements including vehicle and pedestrian safety enhancements through the creation of a new Ground Transportation Center.	\$ 500,000	-
Non-recurring increase for funding of Airports Council International - North America annual conference and FAA Tabletop Drill.	\$ 99,500	-
Non-recurring transfer to General Services Fund for the FY 15 portion of Financial / Human Resources System costs.	\$ 389,777	-
Subtotal: Airport Fund	\$1,936,561	-

*For ease of review, all reallocations of resources within departments, offsets, adjustments, and minor changes have not been included.

Business Operations Bureau

Key Services:

1. Administration

- Personnel
- Training
- Payroll

2. Finance in Compliance with FAA

Regulations

- Accounting
- Set Airline and Commercial Rates and Charges
- Manage General Airport Revenue Bond Payments and Covenants
- FAA Financial Reporting
- Budget
- Accounts Payable

3. Leasing and Development in Compliance with FAA Regulations

- Ground Transportation
- Concessionaire agreements - Food and Beverage, Retail, Airline, Rental Car and Parking
- Ground Leases

4. Noise Management in Compliance with City Noise Ordinance

- Data accumulation, compilation and reporting
- Noise ordinance enforcement
- Pilot/Tenant Outreach
- Response to citizen noise complaints
- Working with FAA to mitigate noise impacts

5. Public Affairs in Compliance with FAA Regulations

- Monitor & Develop Airport-related legislation (federal & State)
- Community outreach / special events
- Advertising
- Social media

FY 15 Funding Source: Airport Fund 100%

Business Operations	Actual FY 13	Adjusted* FY 14	Adopted** FY 15
Revenues	31,363,267	37,640,509	37,612,890
Expenditures	14,891,017	16,418,145	16,293,322
FTEs	28.75	26.00	26.00

* Amounts as published in the FY 15 Proposed Budget released July 2, 2014

** Amounts exclude all-years carryover

Narrative:

The Business Operations Bureau is comprised of the Finance and Administration, Leasing and Business Development, and Noise and Environmental Compliance divisions, with the Public Affairs division reporting directly to the Director of the Long Beach Airport (LGB) in FY 15. The Leasing and Business Development budget includes a \$50,000 reduction to its building rental budget for a trailer no longer needed for the parking concession. Airport revenues were reallocated to reflect FY 13 and FY 14 actual trends. LGB is experiencing lower enplanement levels primarily due to JetBlue's reallocation of aircraft to the East Coast and Caribbean/Latin America. The lower enplanements negatively impact airline fees and indirectly the concession revenues for parking, food and gift. Airport revenue from its leaseholds however, remains strong.

The number of enplaned passengers in FY 14 is currently 5.8 percent lower than FY 13. As a result, the Airport increased rates and fee charges to the airlines mid-year, to ensure that sufficient revenue was realized to meet its bond covenant requirements. This will increase the cost to airlines to an estimated \$8.68 per enplaned passenger. Nonetheless, Long Beach Airport remains competitive and was

Business Operations Bureau

recognized with having the lowest domestic average itinerary airfare in the United States for the fourth quarter of 2013 by the Department of Transportation.

The Noise division's budget remains flat for FY 15. The division will continue to monitor aircraft noise and enforce the City's Noise ordinance to improve the quality of life in the surrounding community.

The Public Affairs division's budget for FY15 includes a one-time enhancement of \$77,500 which is approximately half the Airport's cost for hosting the 2015 Airports Council International – North America annual conference. The economic benefit of the event to the Long Beach area is estimated to exceed \$4.6 million. The FY 16 proposed budget will request the remainder of the estimated costs associated with the event, when the final payment will be due.

Airport Operations Bureau

Key Services:

1. Operational Compliance With FAR Part 139 Requirements

- Ensure FAA Safety and Management standards
- Provide airfield escort services to contractors / vendors / and tenants
- Respond to FAA alerts and Issue Notices to Airmen
- Wildlife abatement

2. Maintenance

- Fulfill work orders from Operations in Compliance with FAR Part 139

- Facility maintenance
- Grounds maintenance

3. Building Services

- Janitorial

4. Security Compliance With FAR Part 1542 Requirements

- Airside and landside patrol
- Airport security badging
- Security and grant coordination with FAA and TSA
- Dispatch

FY 15 Funding Source: Airport Fund 100%

Airport Operations	Actual FY 13	Adjusted* FY 14	Adopted** FY 15
Revenues	188,048	238,150	72,530
Expenditures	17,020,570	18,677,270	18,455,745
FTEs	73.40	87.40	87.40

* Amounts as published in the FY 15 Proposed Budget released July 2, 2014

** Amounts exclude all-years carryover

Narrative:

The Airport Operations Bureau includes the Operations, Security, Maintenance and Facilities, and Building Services divisions. Each division provides essential core services to either ensure compliance with FAA Part 139 requirements or to assure the safety and comfort of Long Beach Airport visitors.

The FY 15 expenditure budget for the Maintenance and Facilities and Building Services divisions includes a reduction of \$150,000 for capital equipment. The Facilities Division budget is increased by \$50,000 for baggage belt system parts, as the current system is old and requires frequent repair. The Building Services Division budget is increased by \$15,000 for janitorial supplies required to clean and maintain the new and expanded concourse. In addition, Maintenance III Non-Career (2 FTEs) and Maintenance Assistant I Non-Career (1 FTE) positions will be upgraded to permanent, full-time positions for needed custodial support.

The Operations Division budget is increased \$12,000 for its Triennial FAA Tabletop drill with various groups, such as the FAA, TSA, airlines, FBI, NTSB and other state and local entities. Since the division has an on-going need for staffing a 24/7 operation, two Airport Operations Assistant II Non-Career positions are upgraded to permanent, full-time for employee retention.

For FY 15, the Security Division budget is increased \$10,000 for airport fingerprinting services and badge supplies. The Transportation Security Administration dictates when rebadging is required by the Airport.

Airport Engineering

Key Services:

1. Project Programming and Funding

- Develop & Coordinate CIP plan with FAA
- FAA Grant and PFC Application submittals and reporting
- Grant close-out

2. Planning and Design

- Airport Layout Plan
- Project Design, Plans, Preparation
- Prepare Construction Specifications

- Consultant Procurement and Construction Bids

3. Construction and Development

- Construction Management
- Plan check/Permits
- Environmental Compliance
- Project Close-Out

4. Tenant Construction Approval

- Plan Review
- Construction Assistance

FY 15 Funding Source: Airport Fund 100%

Airport Engineering	Actual FY 13	Adjusted* FY 14	Adopted** FY 15
Revenues	16,369,463	23,354,260	5,873,191
Expenditures	24,004,568	25,398,593	7,373,190
FTEs	6.60	6.60	6.60

* Amounts as published in the FY 15 Proposed Budget released July 2, 2014

** Amounts exclude all-years carryover

Narrative:

The Airport Engineering Division provides airport infrastructure planning, design, maintenance, and construction management support so Long Beach Airport users can have safe, reliable, efficient and environmentally-friendly access to air travel. The facilities must meet FAA, TSA and State standards.

For the Airport capital improvement program, the division proposed additional new funding for the Lot A Parking Structure improvements of a new elevator tower, stairwells, and exit lanes. An increase is added for on-going design and construction of a Ground Transportation Center to provide dedicated queuing for taxis, shuttles, busses and limousines. The Passenger Facility Charge (PFC)-backed debt service payments for the Airport's 2010 revenue bonds are budgeted in the Airport's capital improvement budget. Typically, PFCs are used to construct projects, but with FAA approval, the Airport is using PFCs to finance the terminal concourse project funded with 2010 bond proceeds. The Customer Facility Charge (CFC) revenues that the Airport began collecting in March 2012 are budgeted for the car rental Customer Service Building (CSB) and Quick Turnaround (QTA) facility. Other planned terminal area improvements are planned for: mechanical, electrical and plumbing systems, the baggage claim areas, terminal signage and landscaping.

The Airport is continually repairing or rehabilitating its pavement based upon a Pavement Condition Index (PCI). Priority is given to projects rated lower than "good" and also based on available funding. With over 5,300,000 square feet of pavement to maintain, the Airport's goal is to complete an average of 200,000 to 400,000 square feet per year.

Financial Summary by Category

	Actual FY 13	Adopted* FY14	Adjusted** FY 14	Adopted* FY 15
Revenues:				
Property Taxes	-	-	-	-
Other Taxes	-	-	-	-
Licenses and Permits	18,887	14,000	14,000	14,000
Fines and Forfeitures	-	-	-	-
Use of Money & Property	42,691,847	41,544,220	44,344,220	42,328,785
Revenue from Other Agencies	9,763,621	1,400,256	16,868,199	1,209,326
Charges for Services	-	-	-	-
Other Revenues	75,625	6,500	6,500	6,500
Interfund Services - Charges	-	-	-	-
Intrafund Services - GP Charges	-	-	-	-
Harbor P/R Revenue Transfers	-	-	-	-
Other Financing Sources	-	-	-	-
Operating Transfers	(4,629,202)	-	-	-
Total Revenues	47,920,777	42,964,976	61,232,919	43,558,611
Expenditures:				
Salaries, Wages and Benefits	9,218,657	11,946,650	12,009,733	12,065,328
Overtime	930,250	227,877	227,877	199,380
Materials, Supplies and Services	25,254,091	10,516,838	28,964,987	10,941,338
Internal Support	11,225,274	9,858,076	9,842,671	9,674,071
Capital Purchases	45,465	158,000	181,945	8,000
Debt Service	9,242,419	9,266,794	9,266,794	9,234,140
Transfers to Other Funds	-	-	-	-
Total Expenditures	55,916,156	41,974,235	60,494,008	42,122,257
Personnel (Full-time Equivalents)	108.75	120.00	120.00	120.00

*Amounts exclude all-years carryover. See budget ordinance in the front section of this document.

**Amounts as published in the FY 15 Proposed Budget released July 2, 2014.

Personnel Summary

Classification	FY 13 Adopt FTE	FY 14 Adopt FTE	FY 15 Adopt FTE	FY 14 Adopted Budget	FY 15 Adopted Budget
Airport Director	1.00	1.00	1.00	170,070	196,329
Accountant III	2.00	2.00	2.00	164,123	164,125
Accounting Clerk III	2.00	2.00	2.00	101,951	101,953
Administrative Analyst II	2.00	2.00	2.00	168,411	168,410
Administrative Analyst III	3.00	3.00	3.00	272,816	272,816
Administrative Officer-Airport	1.00	1.00	1.00	93,037	96,759
Airport Engineering Officer	1.00	1.00	1.00	110,100	114,504
Airport Operations Assistant I	-	-	2.00	-	75,174
Airport Operations Assistant II	6.00	6.00	6.00	300,882	305,852
Airport Operations Assistant I-NC	1.00	6.00	4.00	255,857	172,009
Airport Operations Officer	1.00	1.00	1.00	75,872	98,166
Airport Operations Specialist I	-	5.00	5.00	303,554	274,574
Airport Operations Specialist II	5.00	5.00	5.00	352,089	334,123
Airport Public Affairs Officer	1.00	1.00	1.00	92,037	100,504
Airport Public Affairs Assistant	2.00	2.00	2.00	135,076	138,345
Assistant Administrative Analyst II	2.00	-	-	-	-
Building Services Supervisor	1.00	1.00	1.00	54,904	54,904
Capital Projects Coordinator III	1.00	1.00	1.00	86,328	86,327
Civil Engineer	2.00	2.00	2.00	186,815	192,726
Civil Engineering Associate	1.00	1.00	1.00	82,956	95,764
Clerk Typist II	3.00	3.00	3.00	133,314	134,212
Clerk Typist III	5.75	4.00	4.00	188,649	186,662
Construction Inspector II	1.00	1.00	1.00	61,441	70,927
Electrician	2.00	2.00	2.00	130,987	119,029
Equipment Operator II	3.00	3.00	3.00	146,985	139,487
Executive Assistant	1.00	1.00	1.00	48,550	56,047
Facilities Management Officer	1.00	1.00	1.00	91,037	105,093
General Maintenance Assistant	3.00	3.00	3.00	155,685	146,987
Maintenance Assistant I	5.00	5.00	6.00	185,814	203,880
Maintenance Assistant II	9.00	9.00	9.00	363,238	359,479
Maintenance Assistant III	4.00	4.00	6.00	184,626	247,421
Maintenance Assistant III-NC	1.00	1.00	-	37,036	-
Maintenance Assistant I-NC	2.00	2.00	-	72,267	-
Manager-Administration & Financial Services	1.00	1.00	1.00	127,971	129,347
Manager-Airport Operations	1.00	1.00	1.00	137,056	149,665
Mechanical Supervisor	1.00	1.00	1.00	84,206	84,205
Noise Abatement Officer	1.00	1.00	1.00	85,036	114,706
Painter II	2.00	2.00	2.00	118,420	118,419
Subtotal Page 1	81.75	88.00	88.00	5,359,198	5,408,930

Personnel Summary

Classification	FY 13 Adopt FTE	FY 14 Adopt FTE	FY 15 Adopt FTE	FY 14 Adopt Budget	FY 15 Adopted Budget
Subtotal Page 1	81.75	88.00	88.00	5,359,198	5,408,930
Painter Supervisor	1.00	1.00	1.00	65,494	65,494
Senior Accountant	1.00	1.00	1.00	90,939	90,939
Senior Civil Engineer	2.00	2.00	2.00	219,152	252,483
Special Services Officer II	4.00	4.00	4.00	219,999	220,000
Special Services Officer III	13.00	13.00	13.00	761,808	761,816
Special Services Officer IV	4.00	4.00	4.00	271,110	268,241
Special Services Officer II-NC	-	5.00	5.00	212,573	212,569
Special Projects Officer-Airport	1.00	1.00	1.00	123,136	128,061
Superintendent-Airport Security	1.00	1.00	1.00	85,036	88,437
Subtotal Salaries	108.75	120.00	120.00	7,408,444	7,496,970
Overtime	---	---	---	227,877	199,380
Fringe Benefits	---	---	---	4,395,143	4,423,584
Administrative Overhead	---	---	---	143,064	144,773
Attrition/Salary Savings	---	---	---	---	---
To Be Negotiated Savings	---	---	---	---	---
Mayoral Veto	---	---	---	---	---
Total	108.75	120.00	120.00	12,174,527	12,264,708

