

2011 *Update*

John Wayne Airport Business Plan



Airport Director
Alan L. Murphy





County of Orange

MEMO

DATE: December 21, 2010
TO: Tom Mauk, County Executive Officer
FROM: Alan Murphy, Airport Director, John Wayne Airport
SUBJECT: Transmittal of 2011 Business Plan Update

Per your request, I am providing John Wayne Airport's 2011 Business Plan Update.

Safety, security and customer service continue to be priorities for, and the hallmark of, John Wayne Airport (JWA). In a successful partnership with both federal security and local law enforcement officials, the Airport remains committed to providing safe and secure facilities for commercial and general aviation operations. The Thomas F. Riley Terminal continues to provide travelers with an attractive and efficient airport experience.

While the Airport is optimistic that the Strategic Goals and Key Performance Measures presented in this 2011 Business Plan Update are achievable, a number of significant challenges are anticipated:

JWA continues to work closely with the TSA, FAA, and Airport Police Services to ensure the smooth implementation of federally mandated security regulations and to provide for the safety of travelers in and around JWA.

In the coming fiscal year, JWA must ensure and protect the health and diversity of its revenue stream and carefully implement its financial plan to support the Airport Improvement Program.

Implementation of the Airport Improvement Program will require close coordination between the Airport and its contractors to ensure that the project proceeds on budget, on schedule and with limited impact on our passengers, tenants, and neighbors.

The following Strategic Goals will guide JWA in the coming Fiscal Year:

- Maintain a safe and secure environment for aviation and the traveling public.
- Provide a positive aviation experience to travelers and tenants.
- Operate in an environmentally responsible manner.
- Operate as a financially efficient and self-supporting aviation facility.
- Continue to implement the Airport Improvement Program.

JWA is committed to accomplishing its Mission and Goals in the coming fiscal year and is looking forward to providing Orange County with safe, secure and efficient aviation services and facilities.

Enclosures

**JOHN WAYNE AIRPORT
2011 Business Plan Update**

STRATEGIC GOAL #1:

Maintain a safe and secure environment for aviation and the traveling public.

KEY PERFORMANCE MEASURE #1:

FAA Annual Part 139 Airport Certification inspection.

What: *Each year, the FAA conducts a comprehensive inspection to ensure that the Airport is being operated in a safe manner.*

Why: *Failure to pass the Part 139 inspection could result in decertification as an air carrier airport and subsequent closure.*

FY 09-10 Results	FY 10-11 Plan	FY 10-11 Anticipated Results	FY 11-12 Plan	How are we doing?
Pass with no correctable items	Pass with no correctable items	Pass with no correctable items	Pass with no correctable items	JWA is taking all steps necessary to continue to achieve a full pass with no correctable items.

STRATEGIC GOAL #2:

Provide a positive aviation experience to travelers and tenants.

Key Performance Measure #2:

Tenant Survey Results.

What: *John Wayne Airport regularly surveys both Airport tenants and passengers to learn their views of the Airport facilities and services. In FY 2010-11, JWA will conduct the Tenant Survey.*

Why: *Direct input from those served by the Airport helps to identify and prioritize facility and service improvements that passengers and tenants desire.*

FY 09-10 Results	FY 10-11 Plan	FY 10-11 Anticipated Results	FY 11-12 Plan	How are we doing?
90% of respondents in Passenger Survey rate JWA "Excellent" or "Good" overall	85% of respondents in Tenant Survey rate JWA "Excellent" or "Good" overall	The 2010 Tenant Survey has not yet been completed	90% of respondents in Passenger Survey rate JWA "Excellent" or "Good" overall	The 2010 Tenant Survey has not yet been completed.

STRATEGIC GOAL #3:

Operate in an environmentally responsible manner.

KEY PERFORMANCE MEASURE #3:

Required environmental permits.

What: *John Wayne Airport is subject to a number of local, regional, state, and federal environmental regulations – many of which require permits on the part of the Airport itself and/or its tenants.*

Why: *Compliance with all applicable regulations helps to ensure that the airport is operating in an environmentally sensitive and appropriate manner.*

FY 09-10 Results	FY 10-11 Plan	FY 10-11 Anticipated Results	FY 11-12 Plan	How are we doing?
100% of all required environmental permits in place	100% of all required environmental permits in place	100% of all required environmental permits in place	100% of all required environmental permits in place	The Airport anticipates that 100% of all required environmental permits will be in place.

STRATEGIC GOAL #4:

Operate as a financially efficient and self-supporting aviation facility.

KEY PERFORMANCE MEASURE #4A:

Maintain a debt service covenant of at least 175%.

What: *John Wayne Airport’s bond indenture imposes a rate covenant on the County to produce Airport net revenues in each fiscal year which are equal to at least 125% of the long term debt service requirement for each fiscal year.*

Why: *Maintaining the debt service covenant at this level or higher demonstrates both prudent fiscal management and the ability to repay bonded debt, both of which are critical to JWA’s ability to fund future projects.*

FY 09-10 Results	FY 10-11 Plan	FY 10-11 Anticipated Results	FY 11-12 Plan	How are we doing?
906%	730%	730%	430%	The airport expects to continue to exceed the 175% debt service goal for FY 2010-11. FY 09-10, FY 10-11 and FY 11-12 debt service covenant percentages reflect capitalized interest that continues through FY 11-12.

KEY PERFORMANCE MEASURE #4B:

Performance Measure: Maintain an Airport contingency budget of \$50 million.

What: *A contingency budget is established to fund capital improvements and unforeseen operating emergencies/ events.*

Why: *Contingency budgets are a key component of fiscal management. These unrestricted funds act as a cushion to absorb costs for unknown future events.*

FY 09-10 Results	FY 10-11 Plan	FY 10-11 Anticipated Results	FY 11-12 Plan	How are we doing?
The Airport maintained a contingency budget of \$35 million.	Maintain a contingency budget of \$50 million.	The Airport anticipates maintenance of the \$50 million contingency budget for FY 2010-11.	Maintain a contingency budget of \$50 million.	The Airport anticipates maintenance of the \$50 million contingency budget for FY 2010-11.

STRATEGIC GOAL #5:

Continue to implement the Airport Improvement Program.

KEY PERFORMANCE MEASURE #5:

Airport Improvement Program Schedule.

What: *The Airport has initiated a multi-year Airport Improvement Program that will result in the construction of substantial new facilities to provide improved air service in Orange County.*

Why: *The Thomas F. Riley Terminal complex has operated substantially over its design capacity and is expected to be unable to support passenger levels authorized by the Settlement Agreement. The Airport Improvement Program will add terminal and parking facilities needed to serve the traveling public.*

FY 09-10 Results	FY 10-11 Plan	FY 10-11 Anticipated Results	FY 11-12 Plan	How are we doing?
Maintained a schedule for a late-2011 opening of Terminal C and Parking Structure C	Maintain a schedule for a late-2011 opening of Terminal C and Parking Structure C	Maintain a schedule for a late-2011 opening of Terminal C and Parking Structure C	Maintain a schedule for a late-2011 opening of Terminal C and Parking Structure C	The Airport is currently on schedule to meet the late-2011 opening date for Terminal C and Parking Structure C