



**Los Angeles World Airports  
Operating Budget Update  
May 2009**

**Budget targets were developed with a focus on each airport's specific needs:**

**LAX:**

- Contain expense growth
- Generate cash flow that supports capital funding plan

**ONT:**

- Reduce general expenses and headcount
- Improve Airline cost structure for operating at ONT

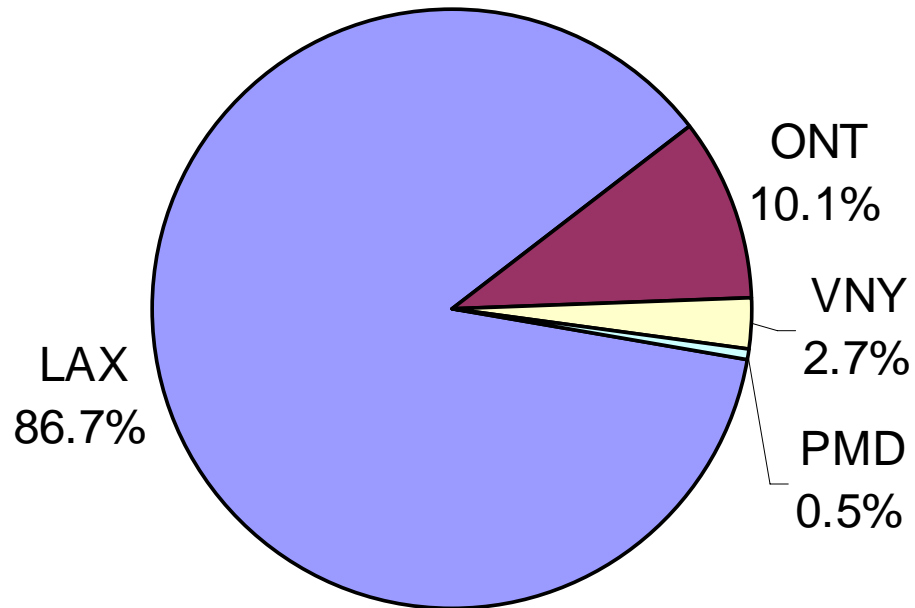
**VNY:**

- Achieve break-even revenues and expenses

**PMD:**

- Eliminate unnecessary costs and maintain LAWA's investment

### LAWA Operating Expense Distribution



**The majority of LAWA's expenses occur at LAX**



## LAWA Operating Budget Targets

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LAWA management established the following targets in September at the outset of the budget process:

**LAX: 3.5% Expense Growth Cap – +2.9%**

- No growth in non-personnel expenses (excluding new facilities)
- No increases in headcount

**ONT: 0% Expense Growth – -9.8%**

- No growth/reductions in non-personnel expenses
- Decrease in headcount

**VNY: 0% Expense Growth – -23.4%**

- 3.5% decrease in non-personnel expenses
- No increases in headcount

**PMD: Target based on land use – -63.5%**

**Why did LAX's operating expenses grow when the other airports' contracted?**

- **ONT, VNY and PMD experienced significant savings in personnel costs due to personnel redeployment to LAX**
- **LAX personnel expenses grew by 5.2%**
  - **MOU mandated COLA and Step increases**
  - **Employees redeployed from other airports added to LAX personnel costs**
- **Non-personnel costs were flat versus FY09 Budget**
  - **Includes \$21.5 million in new initiatives for LAX**
  - **Defers some maintenance and systems implementation**

## Management Prioritization – LAX\*

### Areas of planned new or increased expenditure:

- Elevator/Escalator preventive maintenance program
- Pavement management program
- New leased space
- Air quality apportionment study
- Terminal 1 baggage claim area improvements
- Specific Plan Amendment Study (SPAS)
- Staff training

### Areas of deferred or reduced expenditure:

- General facility maintenance (terminal systems, frequency of landscaping/street cleaning)
- CTA busing (increased headways and consolidated service to employee/public lots)
- Reduced pace for ongoing studies (air quality apportionment/Part 161/greenhouse gas, etc)
- Deferred IT systems implementation (document management, asset management, GIS system)

## Largest FY2010 Expenditures – LAX\*

Parking Lot Operations	\$23,979,200	Natural Gas	\$6,500,000
City Services-LAPD	\$23,369,000	Van Nuys FlyAway Bus	\$5,578,300
City Services-LAFD	\$18,430,000	LA, Inc. Marketing Srvcs	\$5,100,000
Electricity	\$14,000,000	City Attorney Services	\$5,043,400
LAX Shuttle Bus Service	\$10,470,600	Air Quality Appor. Study	\$5,000,000
Elevator/Escalator Maint	\$9,900,000	Fuel & Petroleum	\$3,622,000
Insurance & Brokers	\$9,559,700	Parking Equip Repair	\$3,542,400
City Services-Other	\$7,423,000	Water	\$3,500,000

\*Preliminary

**This budget does not reflect the impacts of:**

- **Potential personnel actions taken by the City of Los Angeles or LAWA**
  - Furloughs of non-essential personnel
  - Early retirement package
  - Reduction of filled positions
- **Material increases in unexpected facility related maintenance**
- **Unexpected safety/security emergencies (ex. H1N1 Flu)**
- **Further significant declines in passenger traffic**
- **Additional reductions under consideration at VNY**

**Staff will report back to the BOAC at the first meeting in June to present the final LAWA operating budget for adoption. This budget will reflect:**

- **Any further deficit reduction measures at VNY**
- **New personnel actions identified by the City of Los Angeles or LAWA**
- **Further comment or direction from the BOAC**



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