

Aviation Department
Strategic Operating Plan
FY10

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FY 2010 Strategic Operating Plan

I. Executive Summary

Introduction

Charlotte Douglas International Airport is the largest airport between Philadelphia and Atlanta. It is served by seven major airlines, American, Continental, Delta, Midwest Airlines, Northwest, United and US Airways; two foreign flag carriers, Air Canada Jazz and Lufthansa German Airlines; and 14 regional carriers, America Eagle, American Connection operated by Trans State Airlines, Continental Express, Delta Connection operated by Atlantic Southeast Airlines, ComAir, Freedom and Shuttle America, Northwest JetLink operated by Pinnacle Airlines, United Express operated by Mesa Airlines and Shuttle America and US Airways Express operated by Air Midwest, Chautauqua Airlines, Mesa Airlines, Piedmont Airlines, and Republic Airlines. It is also served by low fare airlines, Air Tran and Jet Blue.

The Airport serves as the largest passenger hub for US Airways. Passenger traffic at the Airport grew from 2.9 million enplanements in 1982 when the current passenger terminal opened, to over 15.5 million domestic and 1 million international enplanements in 2007. Currently, the passenger airlines operate over 600 flights per day to 123 non-stop destinations in the United States, Canada, Mexico, Europe and the Caribbean. By virtue of the Airport and the passenger airlines that serve it, citizens of the Charlotte Region have access to one-stop service to most anywhere in the United States.

The airport is also home to significant military, cargo and corporate aviation operations. Many of the corporate aircraft are stored and maintained at one of the 15 corporate aviation facilities on the Airport. The remaining corporate and private aircraft are accommodated by the fixed based operator, Wilson Air Center, which operates this facility on behalf of the airport. The Charlotte Air Cargo Center is home to more than 20 operators and supports the center of the Carolina's air cargo operations. The NC Air National Guard and NC National Guard both have facilities on airport premises.

The Airport is operated financially on a fully self-sustaining basis – no general fund revenues have been or are appropriated to the cost of facilities or operations. Rather, Airport revenues defray all capital and operating costs, including the cost of City furnished services.

Summary of needs

	FY2007 Actual	FY2008 Actual	FY 2009 Actual	FY 2010 Request
Budget	\$136,060,640	\$139,980,590	\$162,189,637	
Positions	268	268	268	268

Vision

We will serve as an economic engine of the Carolinas, facilitating the movement of people and goods, creating jobs and enterprise and sustaining a higher quality of life.

Mission

We will be the preferred transportation center and airline hub by providing the highest quality product for the lowest possible cost.

Key Issues and Challenges

There is no certainty in our environment. The traditional airline business model is changing on a daily basis, by the minute. Maintaining and improving the customer experience, in a time of decreased airline services, is a huge challenge and will continue to be in the forefront for the coming year. This is a time when the airline model that we know is evolving into something very different, not only because of circumstance but out of necessity. Previous services provided by the airline are changing, with some of them going away. This past year we spent a lot of time discussing how we “pick up the slack” from the airlines and how do we make facility and operational changes to accommodate these changes. It is unclear all of the future impacts that the airport will experience due to this.

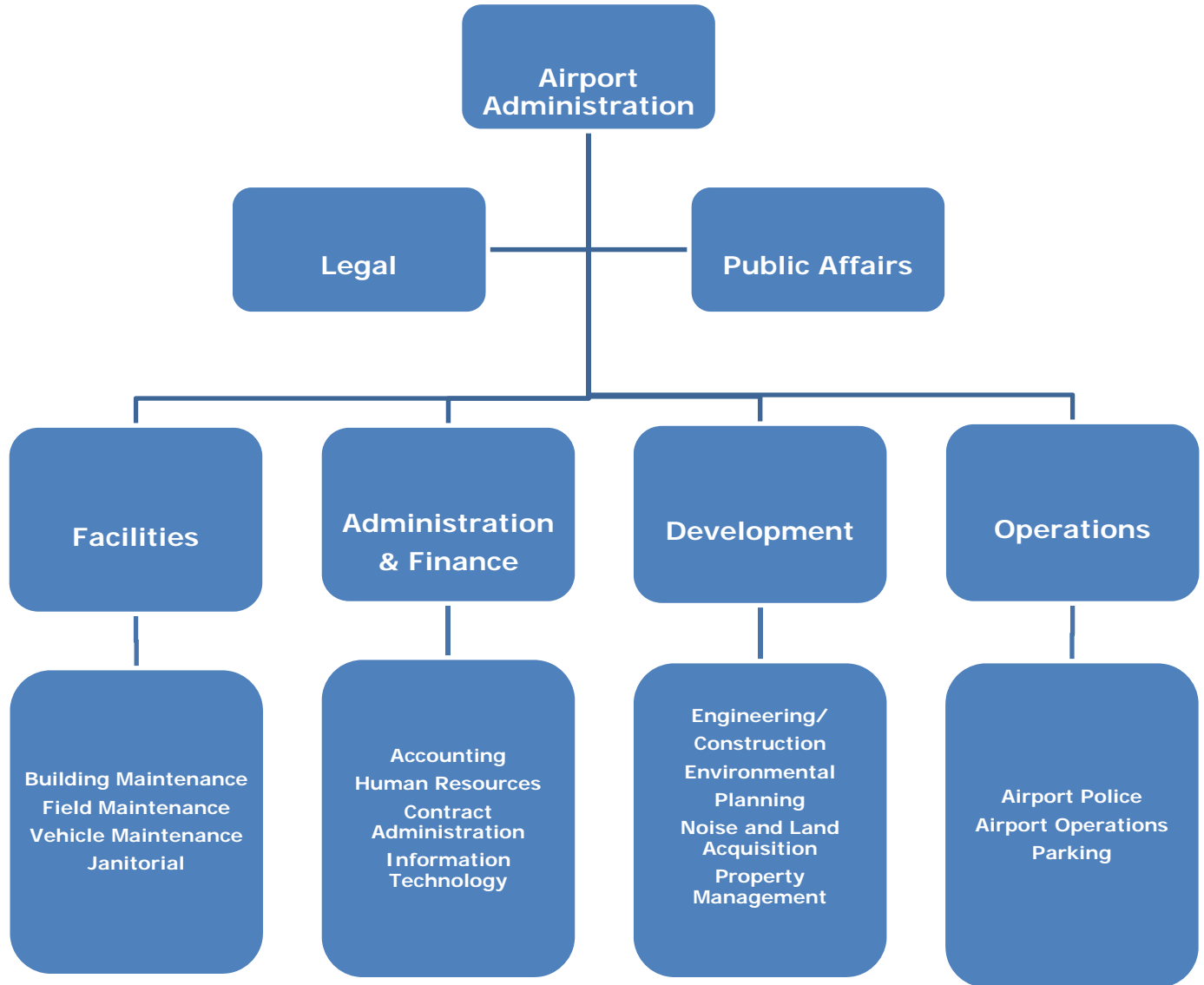
The state of the economy and the unpredictable airline industry is causing us to approach all financial decisions cautiously. The financial markets are in disarray with interest rates on our existing debt increasing rapidly, in turn raising questions about our ability to sell additional debt. These are trying times and we must proceed carefully.

Like most other businesses, the economic downturn is impacting our daily operation. Our operating costs are escalating while our revenues are decreasing. We expect to have surplus facilities in the coming year and revenues to trend down – particularly concession sales and public parking.

This year we will open the new runway and an additional parking deck, both significant investments in our future. The continuance of these projects through unpredictable times is paying dividends. US Airways continues to focus on CLT as the center of their operation. This past year we served 34,739,020 passengers – the largest in our history. CLT is also in the top ten busiest airports in the country in terms of passengers.

It is impossible to predict what the economy will look like a year from now. We will watch every financial decision closely in order to guarantee the Airport’s financial security. We will continue to look for additional revenue streams and create business practices that allow us to make the most of our finances.

Organizational Chart (2/09)

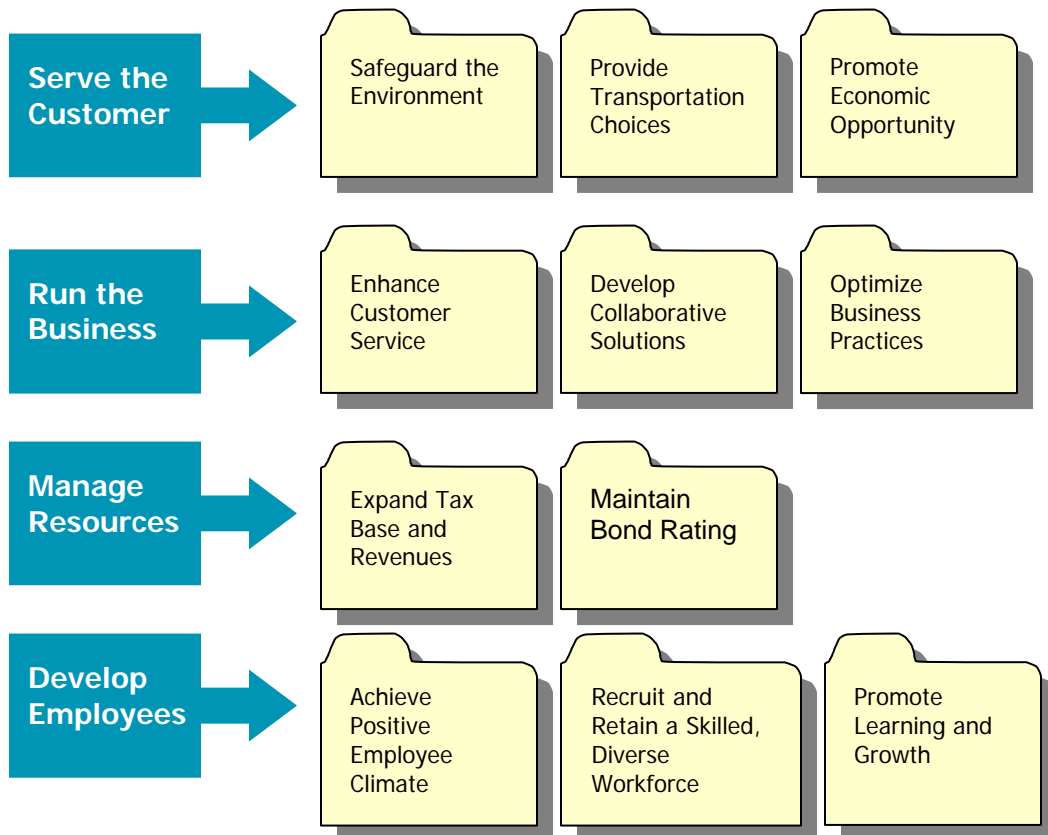


II. Strategy and KBU Planning

Recent Accomplishments

- Maintaining bond ratings
- Lead the industry in operating cost per passenger to airlines
- Expansion of parking facilities, including a state of the art deck
- Flawless execution of runway construction project
- Addition of air service in declining economy
- Record passenger growth over the past three years

Links to Corporate Strategy



Links to Corporate Strategy

Serve the Customer

Each day at the Airport, there are more than 600 aircraft departures and approximately 95,000 people passing through the terminal. Additionally, there are cargo operations, military operations (with on-site facilities for the North Carolina Air National Guard and North Carolina National Guard), corporate aviation operations, general aviation and trucking facilities. The Airport has a passenger terminal, which is over 1.7 million square feet of space, 500,000 square feet of cargo facilities and 23,500 public and employee parking spaces. With over 34 million passengers each year, Charlotte is one of the 10th busiest airport's in the nation, and by far the busiest Airport in the Carolinas..

Run the Business

Charlotte Douglas is one of the nation's busiest airfields with over 536,000 operations annually, and a Level 5 air traffic control facility that tracks over 100 flights per hour. The technologically advanced airfield consists of three runways and can handle all types of aircraft. The day-to-day operation is focused on delivery of the highest quality product for the lowest possible cost to all customers – internal and external. Supplying airport customers with a quality, state-of-the-art facility while meeting all safety and security requirements is fundamental to all functions. The organization is always looking to the future to insure we are on the leading edge of our industry. Infrastructure enhancements, technological advancements and capital improvements are tools used to put Charlotte Douglas in the top tier of the country's airports.

Manage Resources

The Airport is an enterprise fund and uses no local tax dollars. We have a pro-business attitude and provide an infrastructure platform for the private sector. We pride ourselves on exceptional bond ratings and our ability to maintain those in a tumultuous industry. The Airport's financial self-sufficiency is a benefit to the community and is often modeled throughout the country. Additionally, the efficient operating philosophy practiced by the airport produces some of the lowest operating costs to airlines in the country. Charlotte Douglas is recognized as an economic engine of the Carolinas and contributes \$10 billion to the local economy annually while employing 100,000 people.

Develop employees

The Aviation Department employs 268 in varying positions including skilled crafts, technical and general labor, office personnel, law enforcement, administrative and professional classifications. Investing resources (financial and otherwise), training and development opportunities, and team building experiences in employees is important to the success of organization. A communications program, including a bi-monthly newsletter and quarterly employee meetings, contribute to successful employee communication and interaction.

Strategic Initiatives

Provide Transportation Choices

- Design and construct state-of-the art airport facilities to meet the demands of all areas of the airport operation.

Promote Economic Opportunity

- To enhance cargo operations, develop Airport and contiguous areas into an intermodal facility that connects air, sea, highway and rail.*

Enhance Customer Service

- Provide public parking capacity and convenient parking services.

Maintain Bond Rating

- Maintain status as an airport in the A Category

Expand Revenues

- Maintain financial self-sufficiency of the Airport without use of General Fund revenues.

*Focus Area Plan Initiative

III. Service Delivery

Core Service Areas

Operations: Includes Airport Parking including Ground Transportation, Airport Police and Airport Operations

BSC Links: Safeguard the Environment, Enhance Customer Service, Optimize Business Practices, Expand Revenues, Achieve Positive Employee Climate, Recruit and Retain a Skilled, Diverse Workforce, Promote Learning and Growth

Development: Includes Engineering/Construction, Environmental, Planning, Noise & Land Acquisition

BSC Link: Provide Transportation Choices, Promote Economic Opportunity, Enhance Customer Service, Optimize Business Practices, Expand Revenues, Achieve Positive Employee Climate, Recruit and Retain a Skilled, Diverse Workforce, Promote Learning and Growth

Administration & Finance: Includes Accounting, Human Resources, Contract Administration, Property Management, Information Technology

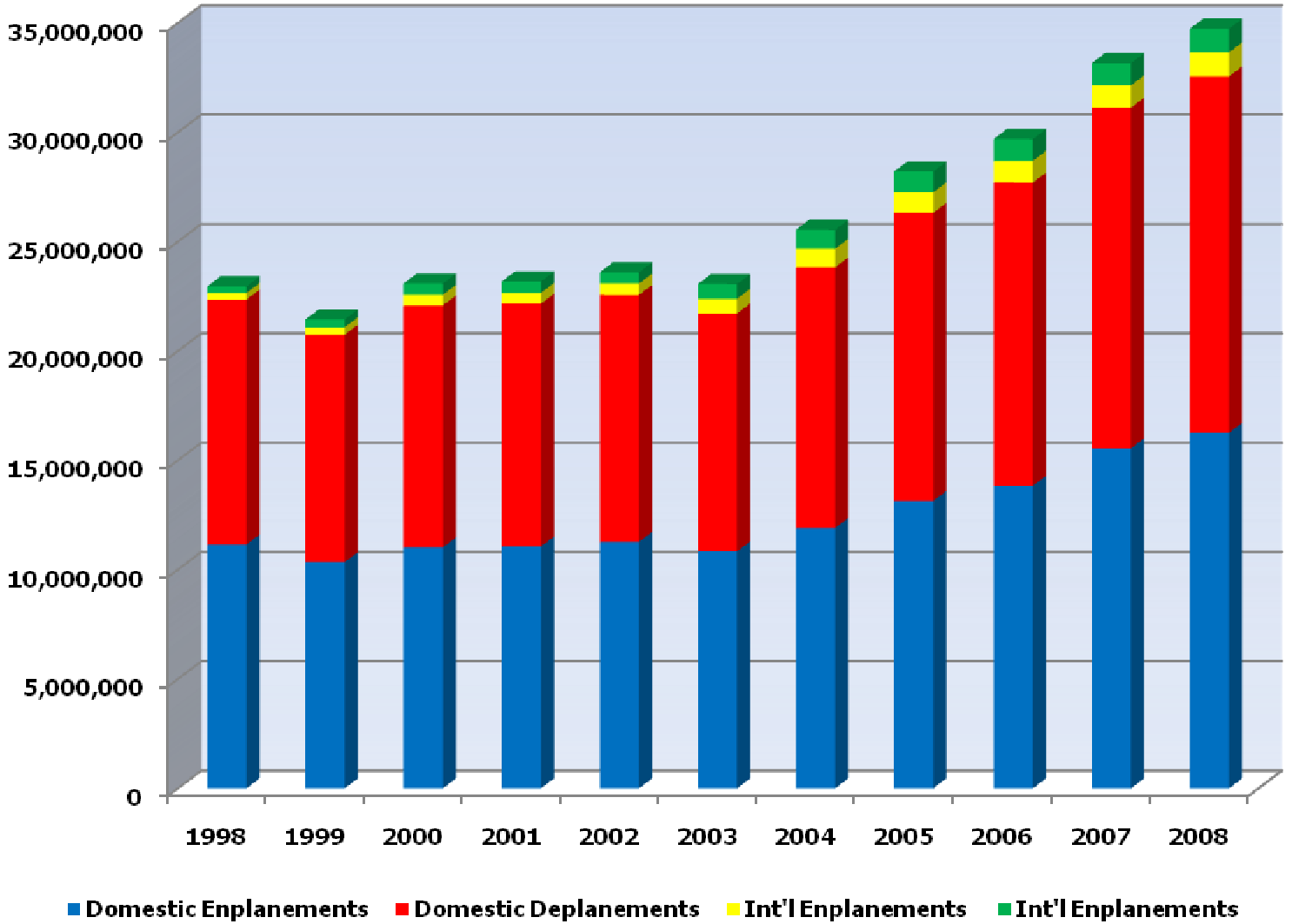
BSC Link: Enhance Customer Service, Maintain Bond Rating, Optimize Business Practices, Expand Revenues, Achieve Positive Employee Climate, Recruit & Retain Skilled Diverse Workforce, Promote Learning & Growth

Facilities and Maintenance: Includes Building Maintenance, Field Maintenance, Vehicle Maintenance, Janitorial Maintenance

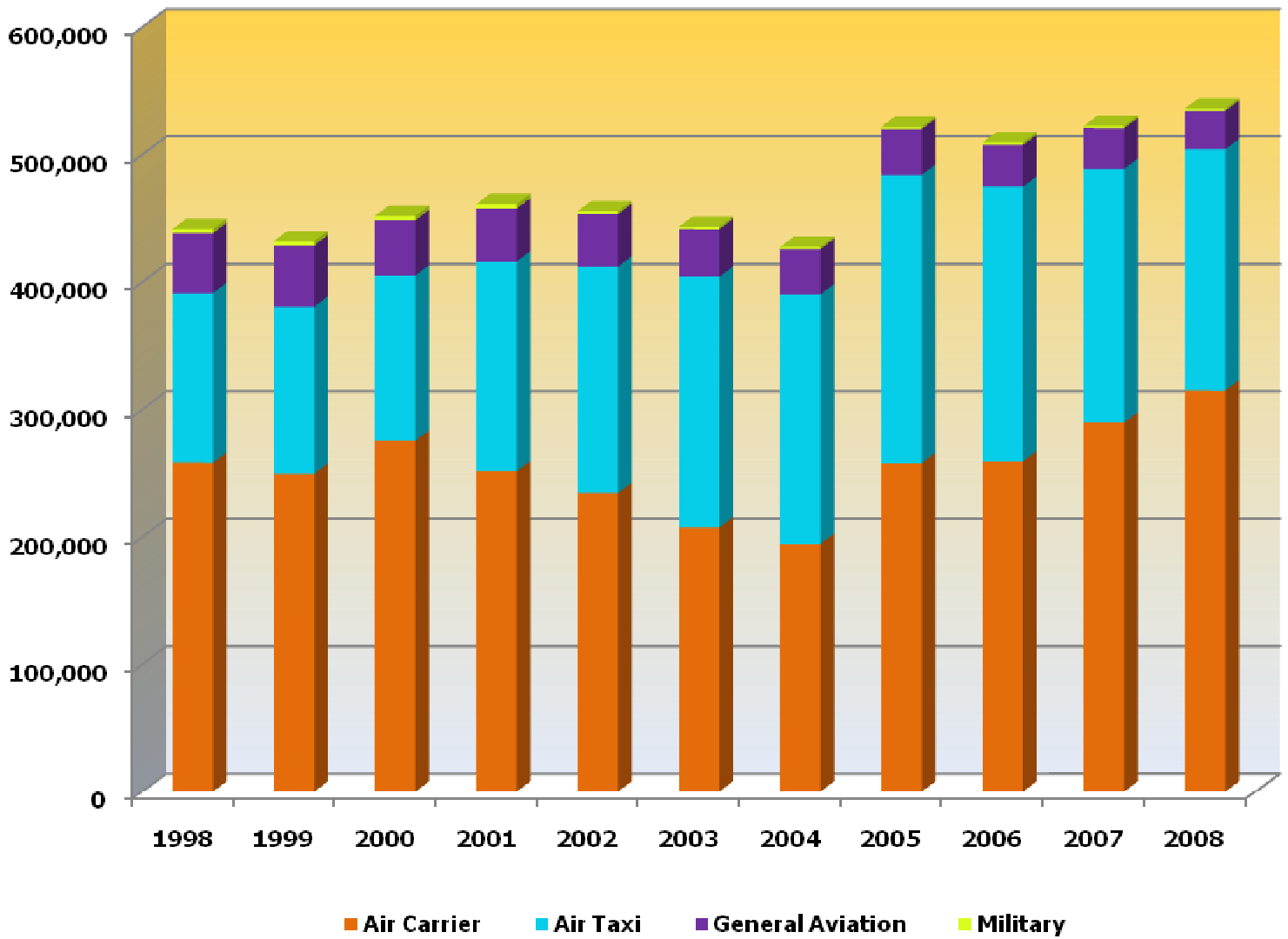
BSC Link: Safeguard the Environment, Enhance Customer Service, Develop Collaborative Solutions, Optimize Business Practices, Achieve Positive Employee Climate, Recruit & Retain Skilled Diverse Workforce, Promote Learning & Growth

Service History and Trends

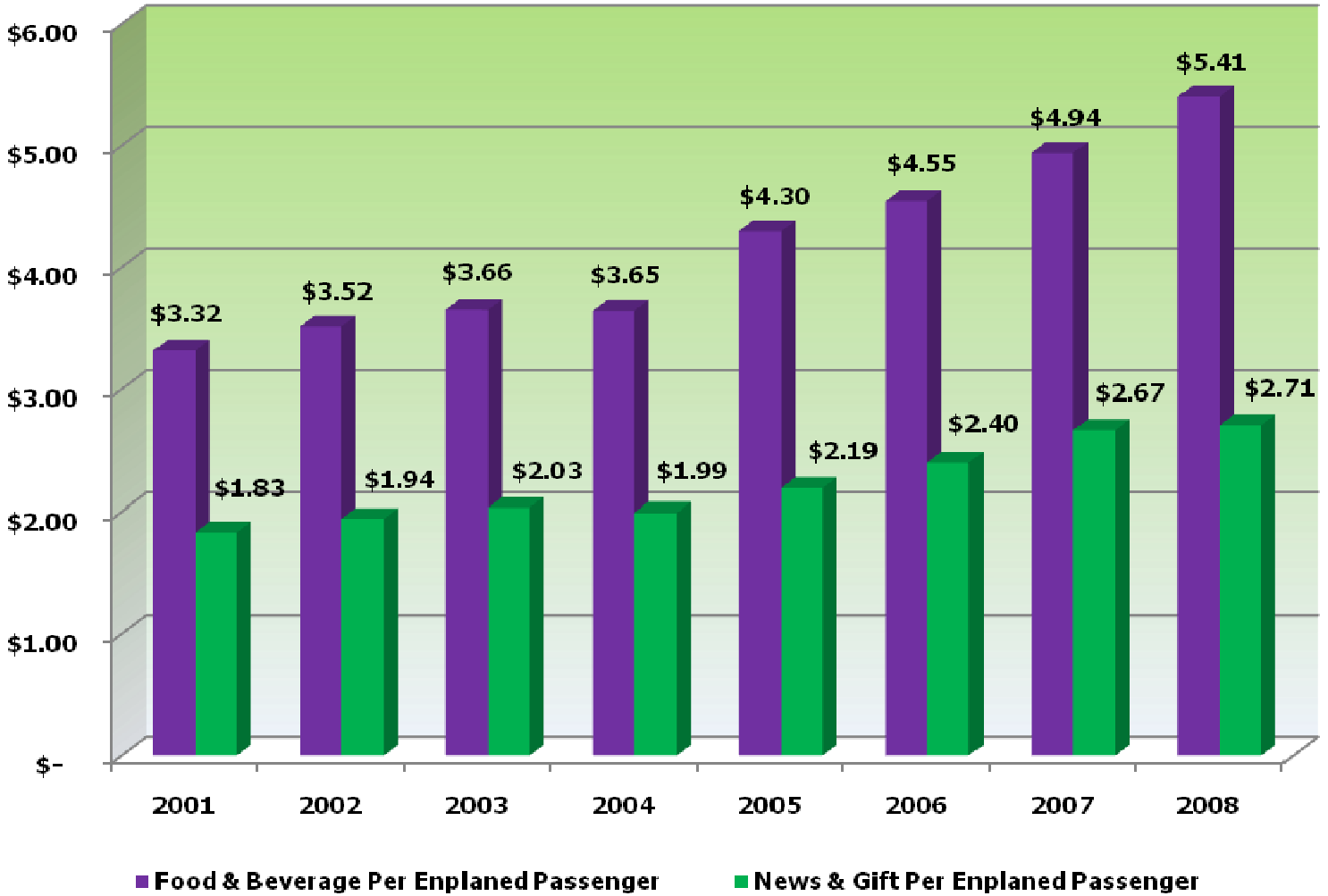
**Domestic & International Passenger Activity
Calendar Years 1998-2008**



Aircraft Activity Calendar Years 1998-2008



**Concession Revenues Per Enplaned Passenger
Fiscal Years 2001-2008**



IV. BSC and Performance Measurement (ATTACHMENT A)

V. Request for Resources

Base Budget:

Aviation requests a base operating budget allocation of \$ with 268 positions for FY20. The FY20 is \$ with no change in positions. The Passenger Facility Charge Fund budget is \$ for FY20

Change to Current Level:

There are not changes to the current level budget outside of normal operating increases, such as salaries.

Service Level Changes:

There are no service level changes in FY2010 and FY 2011.

Revenues:

The airport is completely self-supporting. Revenues come from user fees, rents received from tenants and sales of goods and services to passengers. The user fees are updated annually based upon the projected costs of operating the Airport for the next year. Rents and prices for goods sold are based upon market rates.

CIP Support:

The anticipated capital budget for FY20 is \$. The source for these funds will be federal funds, North Carolina Department of Transportation, bond proceeds and passenger facility charges.