

Aviation Department
Strategic Operating Plan
FY11

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FY 2011 Strategic Operating Plan

I. Executive Summary

Introduction

Charlotte Douglas International Airport is the largest airport between Philadelphia and Atlanta. It is served by six major airlines, American, Continental, Delta, Midwest Airlines, United and US Airways; two foreign flag carriers, Air Canada Jazz and Lufthansa German Airlines; and 18 regional carriers, America Eagle, American Connection operated by Trans State Airlines, Continental Express operated by Express Jet Airlines and Chautauqua Airlines, Delta Connection operated by Atlantic Southeast Airlines, ComAir, and Shuttle America, United Express operated by Mesa Airlines and US Airways Express operated by AirWisconsin, 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 16.1 million domestic and 1 million international enplanements in 2009. Currently, the passenger airlines operate over 600 flights per day to 132 non-stop destinations in the United States, Canada, Mexico, Europe, South America 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

	FY2008 Actual	FY 2009 Actual	FY 2010 Actual	FY2011 Requested	
Budget	\$139,980,590	\$162,189,637	\$144,417,360	\$130,233,877	
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

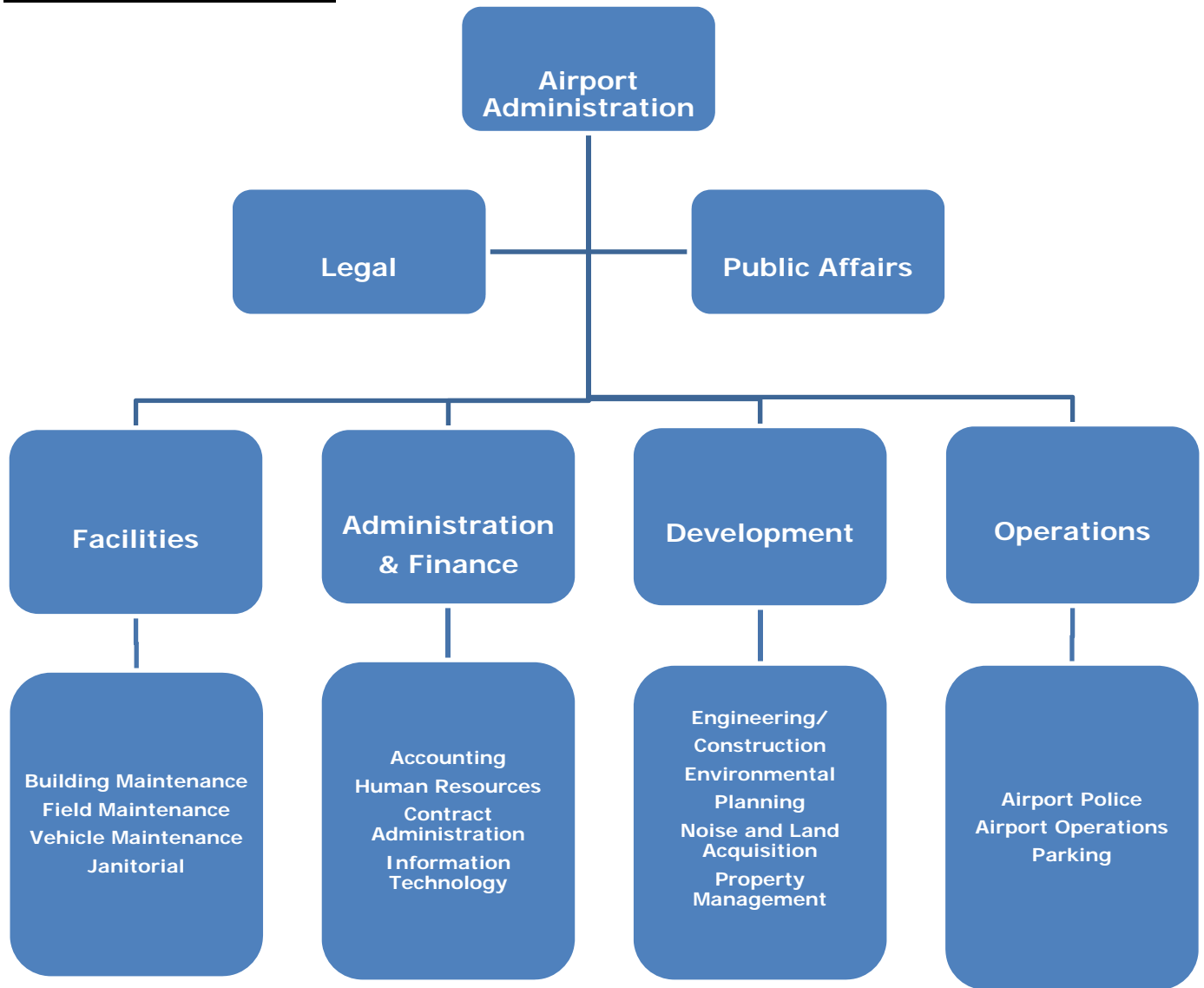
The economic downturn continues to be the most significant impacter to the daily operation. Many facets of our business have been severely impacted due to the economic downturn – air cargo, general and corporate aviation and commercial air service.

The state of the economy and the unpredictable airline industry is causing us to approach every decision with extreme cautiousness. Maintaining and/or reducing our costs while functioning with reduced revenues will continue to be prominent in our daily operation. We will initiate several significant construction projects this year and will be focused on maintaining schedules and costs during these endeavors.

We will also continue to be faced with a growing hub that we try to accommodate within our existing facilities and budgets. Predictions for overall passenger growth in FY11 are flat.

There is no certainty in our environment. This is a statement that has been applicable for the past few years and we expect to be appropriate for the unforeseeable future.

Organizational Chart (2/09)

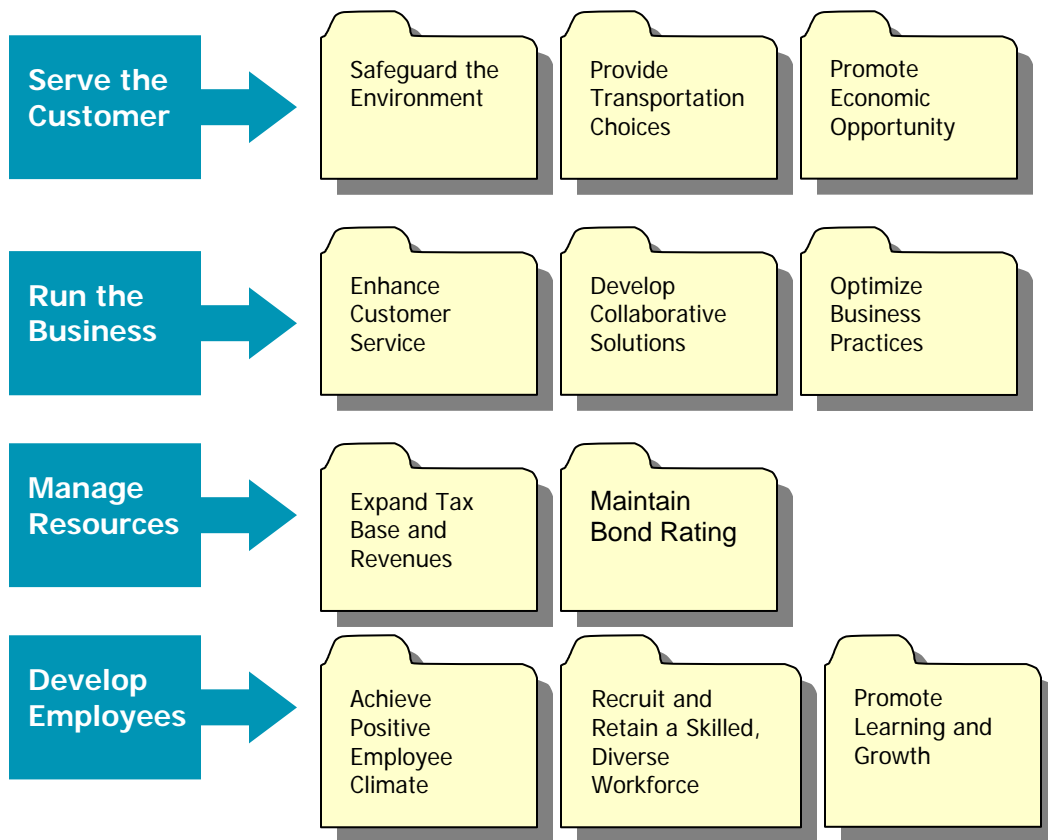


II. Strategy and KBU Planning

Recent Accomplishments

- Maintaining and increasing 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
- Opening of new runway
- 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 26,700 public and employee parking spaces. With over 34 million passengers each year, Charlotte is one of the 11th 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 509,000 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

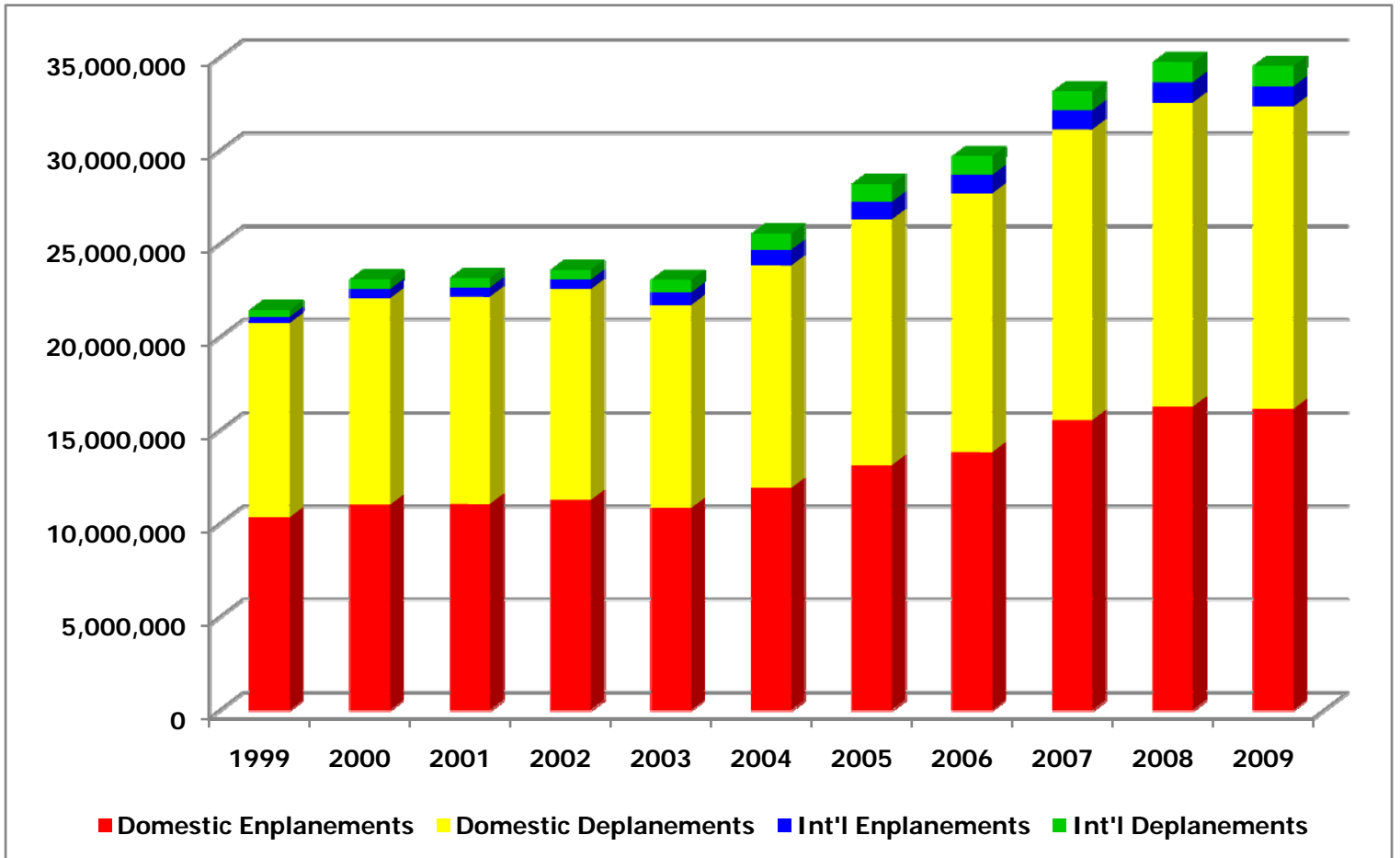
BSC Link: Enhance Customer Service, Maintain Bond Rating, Optimize Business Practices, Expand Revenues, Achieve Positive Employee Climate, Recruit & Retain Skilled Diverse Workforce, Promote Learning & Growth

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

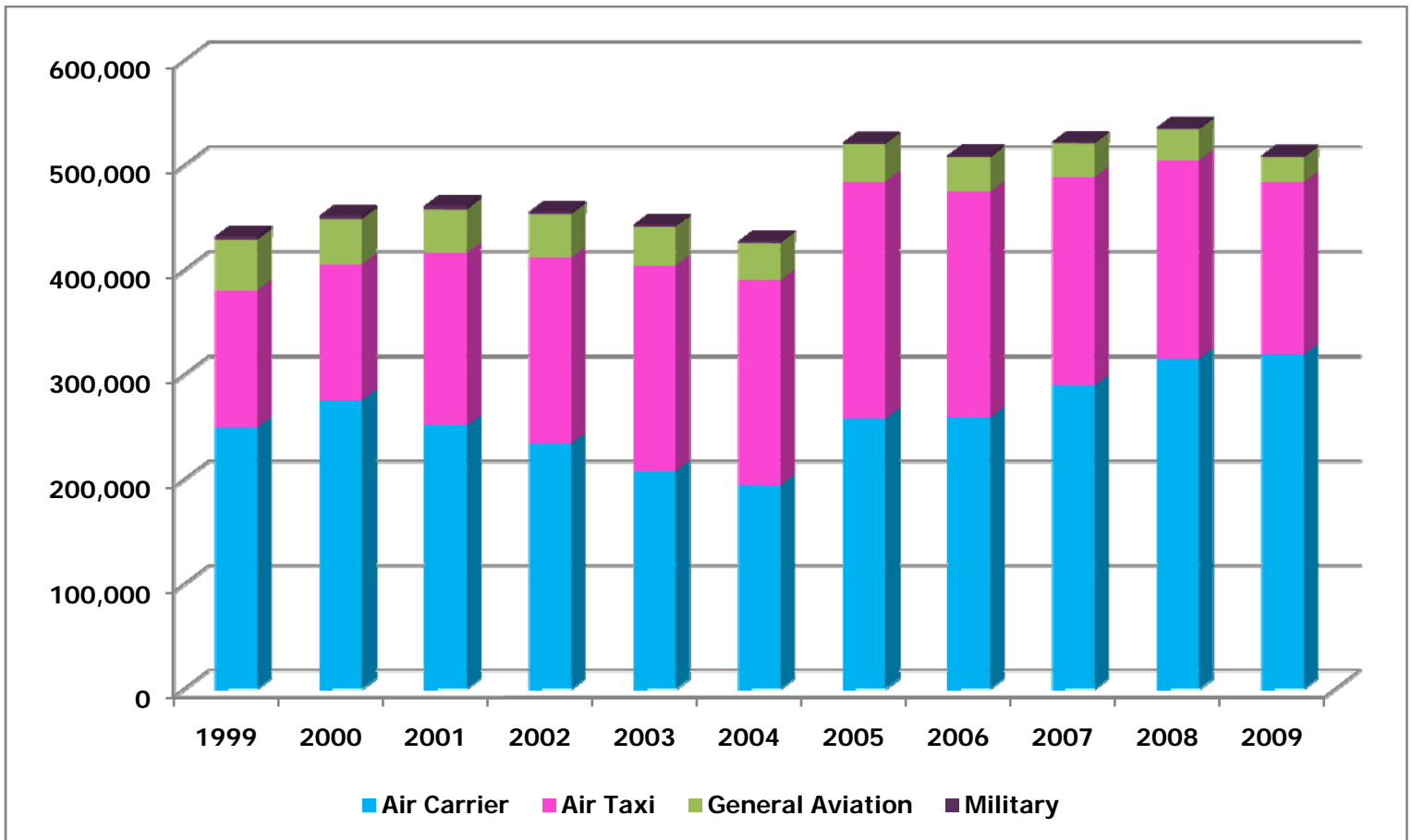
BSC Link: Safeguard the Environment, Enhance Customer Service, Develop Collaborative Solutions, Optimize Business Practices, Achieve Positive Employee Climate, Recruit & Retain Skilled Diverse Workforce, Promote Learning & Growth

Service History and Trends

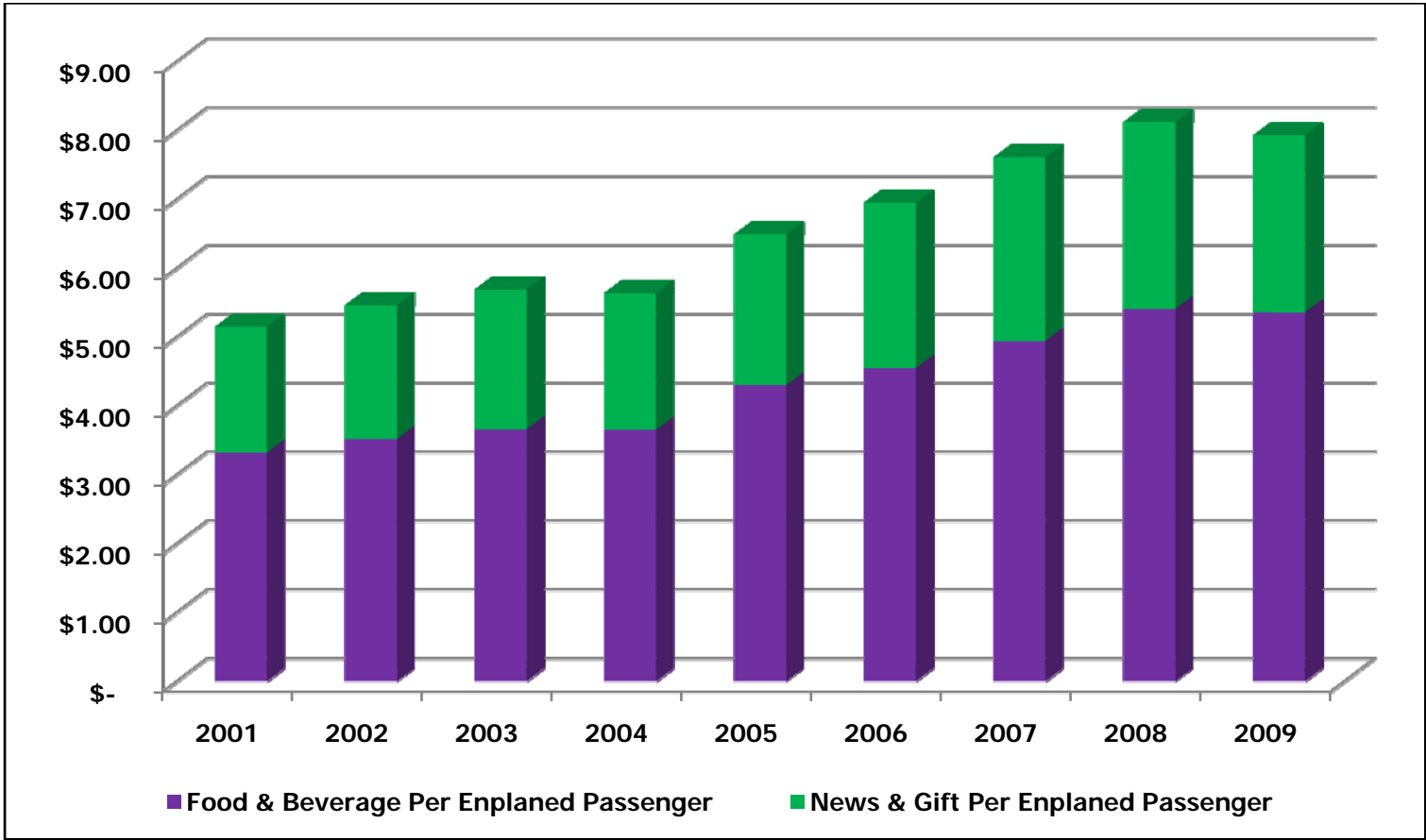
Domestic & International Passenger Activity 1999-2009



Aircraft Activity 1999-2009



**Concession Revenues Per Enplaned Passenger
2001-2009**



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 FY11. The Passenger Facility Charge Fund budget is \$ for FY11.

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 FY2011.

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 FY11 is \$860,000,000. The source for these funds will be federal funds, North Carolina Department of Transportation, bond proceeds and passenger facility charges.