



City of Santa Barbara
Airport Department

Memorandum

DATE: September 21, 2011
TO: Airport Commission
FROM: Karen Ramsdell, Airport Director
SUBJECT: 2011 Fiscal Year-End Financial Review

RECOMMENDATION: That Airport Commission receive a report on the Airport Department's Fiscal Year 2011 Year-End Financial Review.

Background

As an Enterprise Fund, the Airport's FY 2011 budget was prepared based on forecasted revenues from generated rentals and user fees taking into consideration the current economy, the impact of the airline industry capacity reductions, and the projected completion of the Airline Terminal.

Similarly, operational expenditures were projected based on historical trends and significant increases were programmed for Supplies and Services, including increased utilities, and maintenance contracts for the New Terminal Building.

The new Terminal became fully operational in the first Quarter of the new Fiscal year (FY 2012) on August 17th, 2011 resulting in some major variances in revenue and expenditures.

Revenue

Revenue collections for FY 2011 and an explanation of budget variances are as follows:

- Commercial and industrial revenues reflect a 7.5% increase from budgeted revenues with very low vacancy rate on the buildings (0.8%) and (2%) on the land.
- Non-Commercial Aviation (general aviation) revenues exceed the budget estimates by 25.7% due to an increase in General aviation activity leading to an increase in landing fees and fuel flowage. Percentage fees collected from FBO tie-downs, T-hangar space rentals etc, are slightly above target.

- Overall Terminal revenues have increased by 3%.
 - Revenue received in the rental car line item is 17.1% above budget; off-airport revenue is up 6.8% from budget estimates; on-airport revenue is 13.9% above target. We have also collected in excess of \$120,000 from the rental car QTA facility which includes O&M year end true ups and ground lease rentals.
 - Concession revenues from restaurant sales (down 39.5%) and gift souvenir and novelty shop (down 4.5%) were below target levels due to the delay in the opening of the new Terminal; however, restaurant sales and concessionaire paid revenue are up 17% from FY 2010, advertising revenues were up 20%, other concession revenue from ground transportation activity, ATM etc. was stable.
- Commercial Aviation revenues didn't meet the budget targets due to the delay in occupying the new Terminal. This line item is comprised of employee shuttle parking fees as well as terminal building rates and charges. Airline Building rentals fell 22.9% below target levels. Also, the SkyWest Airlines crew base was closed in Santa Barbara, and the airline revenue from employee parking was reduced proportionally. The drop is significant as we had projected three months of revenues generated from the new Terminal.
- Commercial Aviation Landing fees are on target. Freighters have registered an increase in activity and we have collected above estimated levels.
- Parking revenue is down 5.5%. Overall annual fiscal year enplanements was flat, but economic conditions over the last three years reflect shorter trips and more alternative transportation taken.
- Revenue collected for the Terminal Grand Opening Events and the Gala Fundraiser of \$104,617 was recorded under Miscellaneous; with an additional \$15,900 direct deposit for the Airport Public Art Program
- **Total actual revenues for FY 2011 are \$13,353,025**, 3.1% above budget and \$685,425 above FY 2010 (5.4% increase).

Narrative Analysis of Expenditures

Expenditures for FY 2011 and explanation of budget variances are listed below:

- Salaries and Benefits are 4% below (\$189,733) budget due to unfilled vacant positions in Airport Operations and Airport Patrol.
- Furlough savings of \$ 124,240 have been realized.
- Total Materials and Supplies are below budget approximately 10% or \$272,304. The underage is due to budgeting for the potential impact of higher operational costs at the new Terminal.
- ARFF is 4.5% over budget (\$85,000) due to end of year adjustments for workers compensation and leave payouts.

- Special Projects primarily pertains to the Parking Shuttle operation of \$747,707 plus an Airport boundary survey project budgeted at \$160,000. During the year, \$38,700 was expended on the survey and \$691,665 on the shuttle. The survey project continues during FY 2012. Other expenses during the year included the Grand Opening Gala and other adjustments in this line item.
- Equipment has a positive variance of approximately \$6,000 due to computer station replacements and critical software updates.
- **Total Expense excluding Capital transfers for FY 2011 is at \$11,783,289.** Capital transfer was \$581,049, with a net (unaudited) reserve of \$988,687.

Note:

- We received \$ 104,617 from The Terminal Gala Event, held in June, and expended \$65,000 on a catering contract with Rincon. \$15,900 has been raised for the Airport Public Arts Program.

Summary

Notwithstanding the current economic climate, the Airport managed to meet its operational and capital needs for FY 2011 and has registered an overall increase in reserves above Policy.

CITY OF SANTA BARBARA
 Airport Operating Fund
 Financial Report
 For Month Ended 6/30/11 (100%of Fiscal Year)

FINAL

	Actual	Amended Budget with carry forwards	Adopted Budget	Adopted Budget	Current Y-T-D 12 mos.	\$	%
	2010	2011	2011	2011-100% of Fiscal Year	Actual	Variance	Variance
Operating Revenue							
Leases							
Commercial & Industrial	\$ 4,157,313	\$ 3,977,000	\$ 3,977,000	\$ 3,977,000	\$ 4,276,814	\$ 299,814	7.5%
Non-Commercial Aviation	1,224,915	1,130,675	1,130,675	\$ 1,130,675	1,421,424	\$ 290,749	25.7%
Terminal							
Rental Cars (inc land lease QTA)	2,011,034	1,975,650	1,975,650	\$ 1,975,650	2,313,641	337,991	17.1%
Parking	2,645,252	2,750,000	2,750,000	\$ 2,750,000	2,600,010	(149,990)	-5.5%
Concessions	121,504	167,500	167,500	\$ 167,500	128,030	(39,470)	-23.6%
Terminal Gala and Public Art program					120,517		
Terminal sub-total	\$ 4,777,790	\$ 4,893,150	\$ 4,893,150	\$ 4,893,150	\$ 5,162,198	\$ 148,531	5.50%
Commercial Aviation							
Building	1,118,064	1,579,000	1,579,000	1,579,000	1,217,849	(361,151)	-22.9%
Landing Fees	994,224	1,038,000	1,038,000	1,038,000	1,056,777	18,777	1.8%
Landing Fees (Freight/Charter)	34,206	20,000	20,000	20,000	38,604	18,604	93.0%
Commercial aviation sub-total	2,146,494	2,637,000	2,637,000	2,637,000	2,313,230	(323,770)	-12.3%
Total Leases	\$ 12,306,512	\$ 12,637,825	\$ 12,637,825	\$ 12,637,825	\$ 13,173,666	\$ 415,324	4.24%
Other							
Interest Income	278,238	231,100	231,100	231,100	198,931	(32,169)	-13.9%
TSA Reimbursement	163,286	163,052	163,052	163,052	68,445	(94,607)	-58.0%
Other	40,081	33,500	33,600	33,600	32,500	(1,100)	-3.3%
Other sub-total	481,605	427,652	427,752	427,752	299,876	(127,876)	-29.89%
Total Operating Revenue	\$ 12,788,117	\$ 13,065,477	\$ 13,065,577	\$ 13,065,577	\$ 13,473,542	\$ 287,448	3.1%
Operating Expenses							
Salaries & Benefits	4,743,101	5,079,975	5,080,061	5,080,061	4,847,690	-232,371	-4.8%
Furlough Savings	(115,172)	(166,792)	(166,878)	(166,878)	-124,240	42,638	-34.3%

Supplies & Services (1)	2,719,117	3,052,768	2,984,112	2,984,112	2,711,808	-272,304	-10.0%
ARFF	1,766,450	1,805,063	1,805,064	1,805,064	1,890,064	85,000	4.5%
Engineering	339,508	342,013	342,013	342,013	342,454	441	0.1%
Special Project (2)	607,062	912,307	912,307	912,307	845,665	-66,642	-7.9%
Equipment	28,377	24,610	24,610	24,610	30,457	5,847	19.2%
Allocated Costs	1,310,394	1,232,866	1,232,866	1,232,866	1,239,391	6,525	0.5%
Total Operating Expenses	\$ 11,351,895	\$ 12,282,810	\$ 12,214,155	12,214,155	\$ 11,783,289	\$ (430,866)	-3.7%
Net operating gain / (loss)		\$ 782,667	\$ 851,422	\$ 851,422	\$ 1,690,253	\$ 838,831	

Notes:

Budget estimates for 2011 include operation in the New Terminal Building for April 2011 through June 30, 2011.

Special Project: AMPCO parking shuttle operation+ \$160,000 for Airport Survey+ Terminal Gala Event

Non-commercial aviation: \$106,185 retro -percentage fees billed for Stratman but not collected.

Terminal Grand Opening Events & Gala Rev: \$ 104,617

Airport Public Art Program Revenue: \$ 15,900

Terminal Gala Event-Contract with Rincon Catering: \$ 65,000 expended, included under Special projects

\$ 1,385-City Match for AIP Grant 34 REFUND FROM AIP 34 FOR NAVIGATIONAL EQUIPMENT RELOCATION PROJECT-RSA SAFETY