



City of Santa Barbara
Airport Department

DATE: July 15, 2015
TO: Airport Commission
FROM: Hazel Johns, Airport Director
SUBJECT: Fiscal Year 2015 Year-End Review

RECOMMENDATION: That Airport Commission receive the preliminary Fiscal Year 2015 Year-End Financial Report.

Discussion:

The interim financial statements are presented with a discussion of where the actual revenues and expenditures might finish at year end; they are still subject to change as final adjustments are made for purposes of preparing the City's annual audit and annual financial report.

Revenues

Airport Department preliminary year-end operating revenue is 0.7% above budget at \$15,578,311.

Commercial/Industrial revenue is 7.4% **below target** at \$4,210,346, primarily due to vacancies at a few major properties. These properties have been rented and revenue should increase for Fiscal Year 2016, especially upon rent commencement for the restaurant at 521 Firestone. Utility revenues are down significantly from the vacancy of the restaurant at 521 Firestone.

Non-Commercial includes the rental received from the Fixed Base Operators, air freight operators, Ampersand, and other general aviation users and is **5.6% above target** due to increased landed weights and fuel flowage.

The **Airline Terminal** revenues are **4.1% above target** due to increased revenue from the rental car companies. The rental car companies have indicated a change in pricing to attract more customers. In addition, rentals by non-airport users have increased.

Commercial Aviation revenue, Airline Terminal building rental and landing fees for the commercial airlines and airfreight, is **5.1% above** projections due to rates negotiated with the airlines. Changes to the United aircraft fleet mix towards bigger planes have significantly increased boarding bridge usage and landing weights above budget projections. Revenues were also impacted by the timing of landing fee receipts. Similarly, freight and charter landing weights (and fees) have increased.

Other revenue is below budget. The rental car companies took over the maintenance of the QTA on January 1st, which reduced reimbursement for a maintenance person by half. Reimbursement from the TSA is also behind schedule.

Revenues	Annual Budget	YTD Actual	Remaining Balance	Percent of Variance
Commercial/Industrial	4,545,175	4,210,346	-334,829	-7.4%
Non-Commercial Aviation	1,905,730	2,012,470	106,740	5.6%
Terminal	4,521,134	4,706,991	185,857	4.1%
Commercial Aviation	4,218,655	4,435,62,	216,971	5.1%
Interest	121,300	100,651	-20,649	-17.0%
Other	157,355	112,227	-45,128	-28.7%
Total Revenues	15,469,349	15,578,311¹	108,962	0.7%

¹ Excludes one-time refund of \$109,276 from Goleta Water District for expenditures in Fiscal Year 2014 and one-time refund from Emma Construction for \$43,825.

Expenditures

Overall Departmental operating expenses are 6% below budget at \$14,838,541, including encumbrances.

Expenses	Annual Budget	YTD Actual	Encumbrances	Remaining Balance	Percent of Variance
Salaries & Benefits	5,688,701	5,247,282		441,419	-7.8%
Materials, Supplies & Services	6,623,544	5,711,485	431,540	480,519	-7.3%
Allocated Costs	1,500,542	1,500,542		0	0%
Special Projects	40,426	39,146	35	1,245	-3.1%
Transfers-Out	20,354	20,354		0	0%
Debt Service	1,815,718	1,815,718		0	0%
Equipment	96,765	68,299	4,140	24,325	-25%
Appropriate Reserves	0			0	
Total Expenses	15,786,050	14,402,826	435,714	947,508	-6%

Salaries and Benefits are 7.8% below budget with vacant positions throughout the year in Administration, Maintenance, Business and Properties, Patrol, and Certification and Operations. Patrol vacancies are being covered with overtime and hourly employees.

The Airport tracks **Materials, Supplies and Services** in three categories: overall supplies and services, ARFF, and Engineering reimbursement. A variance of 7.3% below budget is found for overall supplies and services. **Supplies and Services** are 11.2% below budget. This amount will decrease as utility and other payments are reconciled for year end. **ARFF, Engineering, and Allocated Costs** will remain within the budgeted amounts.

Transfers out were made to the T-hangar fund.

Debt Service for the Airline Terminal project is included in the budget and payments were made in December and June.

Summary

Airport operating revenues currently exceed operating expenditures by \$739,770. This number will be reduced by approximately \$150,000 as final adjustments are made. Staff has worked to monitor expenses and reduce costs where possible, especially in light of the budgeted use of reserves of \$1.2 million for Fiscal Year 2016.

Attachment: Airport Operating Fund Financial Report for Month Ended 6/30/2015

CITY OF SANTA BARBARA
 Airport Operating Fund
 Financial Report
 For Month Ended 6/30/15 (100% of Fiscal Year)
 7/1/2015

100.00%

		Actual	Revised	Adopted	Actual		
		12 month	Budget with	Budget 2015-100%	2015	\$	%
		2014	carry-forwards	of Fiscal Year		Variance	Variance
			2015				
Operating Revenue							
Leases							
	Commercial & Industrial	\$ 4,190,885	\$ 4,545,175	\$ 4,545,175	\$ 4,210,346	\$ (334,829)	-7.4%
	Non-Commercial Aviation	\$ 1,801,414	\$ 1,905,730	\$ 1,905,730	\$ 2,012,470	\$ 106,740	5.6%
Terminal							
	Rental Cars(inc land lease for QTA)	\$ 1,936,745	\$ 1,789,339	\$ 1,789,339	\$ 2,002,772	\$ 213,433	11.9%
	Parking	\$ 2,706,758	\$ 2,503,848	\$ 2,503,848	\$ 2,467,653	\$ (36,195)	-1.4%
	Concessions	\$ 256,643	\$ 227,947	\$ 227,947	\$ 236,567	\$ 8,620	3.8%
	Terminal sub-total	\$ 4,900,147	\$ 4,521,134	\$ 4,521,134	\$ 4,706,991	\$ 185,857	4.1%
Commercial Aviation							
	Building	\$ 2,510,832	\$ 2,516,544	\$ 2,516,544	\$ 2,369,345	\$ (147,199)	-5.8%
	Landing Fees	\$ 1,478,112	\$ 1,305,000	\$ 1,305,000	\$ 1,457,330	\$ 152,330	11.7%
	Landing Fees (Freight/Charter)	\$ 53,899	\$ 42,000	\$ 42,000	\$ 50,712	\$ 8,712	20.7%
	Fuel Flowage Fees	\$ -	\$ 107,791	\$ 107,791	\$ 90,796	\$ (16,995)	-15.8%
	Boarding bridges	\$ 235,361	\$ 247,320	\$ 247,320	\$ 467,443	\$ 222,123	89.0%
	Commercial aviation sub-total	\$ 4,278,204	\$ 4,218,655	\$ 4,218,655	\$ 4,435,626	\$ 216,971	5.1%
Total Leases		\$ 15,170,649	\$ 15,190,694	\$ 15,190,694	\$ 15,365,433	\$ 174,739	1.2%
Other							
	Interest Income	\$ 119,140	\$ 121,300	\$ 121,300	\$ 100,651	\$ (20,649)	-17.0%
	TSA Reimbursement	\$ 136,320	\$ 100,000	\$ 100,000	\$ 29,440	\$ (70,560)	-70.6%
	Rental Car QTA Reimburse	\$ 42,678	\$ 43,655	\$ 43,655	\$ 21,828	\$ (21,828)	-50.0%
	Other	\$ 35,135	\$ 13,700	\$ 13,700	\$ 60,959 ¹	\$ 47,259	345.0%
	Other sub-total	\$ 333,273	\$ 278,655	\$ 278,655	\$ 212,878	\$ (65,777)	-23.6%
Total Operating Revenue		\$ 15,503,922	\$ 15,469,349	\$ 15,469,349	\$ 15,578,311	\$ 108,962	0.7%
Operating Expenses							
	Salaries & Benefits	\$ 5,053,922	\$ 5,688,701	\$ 5,688,701	\$ 5,247,282	\$ (441,419)	-7.8%
	Supplies & Services	\$ 3,762,757	\$ 4,213,870	\$ 4,213,870	\$ 3,740,984 ²	\$ (472,886)	-11.2%
	ARFF	\$ 1,886,249	\$ 2,079,766	\$ 2,079,766	\$ 2,079,766	\$ -	0.0%
	Engineering	\$ 318,548	\$ 329,908	\$ 329,908	\$ 322,275	\$ (7,633)	-2.3%
	Special Project	\$ 464,952	\$ 40,426	\$ 40,426	\$ 39,181 ²	\$ (1,245)	-3.1%
	Equipment	\$ 50,406	\$ 96,765	\$ 96,765	\$ 72,440 ²	\$ (24,325)	-25.1%
	Allocated Costs	\$ 1,426,362	\$ 1,500,542	\$ 1,500,542	\$ 1,500,542	\$ -	0.0%
	Appropriated reserves	\$ -	\$ -	\$ -	\$ 0	\$ -	0%
Total Operating Expenses		\$ 12,963,196	\$ 13,949,978	\$ 13,949,977.50	\$ 13,002,469	\$ (947,508)	-7%
	Net operating gain / (loss)	\$ 2,540,726	\$ 1,519,372	\$ -	\$ 2,575,842	\$ -	
	Debt Service-Tfrs out	\$ 1,823,905	\$ 1,815,718	\$ 1,815,718	\$ 1,815,718	\$ -	0.0%
	Capital Tfrs out	\$ 764,360	\$ 20,354	\$ 20,354	\$ 20,354	\$ -	0%
Total Expenses		\$ 15,551,461	\$ 15,786,050	\$ 15,786,050	\$ 14,838,541	\$ (947,508)	-6.0%
	Net Gain/(Loss)	\$ (47,539)	\$ (316,700)	\$ -	\$ 739,770	\$ -	

¹ Excludes \$109,276 in refunds from Goleta Water District for FY2014 expenditures and \$43,825 refund from Emma Construction.

² Encumbered funds are included in actuals.