



City of Santa Barbara
Airport Department

DATE: September 21, 2016
TO: Airport Commission
FROM: Hazel Johns, Airport Director
SUBJECT: Fiscal Year 2016 Year-End Review

RECOMMENDATION:

That Airport Commission receive the preliminary Fiscal Year 2016 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 2.5% below budget at \$16,033,451.

Commercial/Industrial revenue is **3.3% below target** at \$4,342,377, primarily due to significant vacancies in Building 312, loss of income due to sale of property to DRI, and aggressive assumptions about the start of receipt of revenue from the High Sierra Grill (the lease included a 6 month grace period after permits issued).

Non-Commercial includes the rental received from the Fixed Base Operators, air freight operators, Ampersand, and other general aviation users and is **0.7% below target**.

The **Airline Terminal** includes revenues received from rental car companies, parking, and terminal concessions and is **0.6% below target**.

Commercial Aviation revenue, Airline Terminal building rental and landing fees for the commercial airlines and airfreight, is **2.5% below** projections primarily due to a mid-year reduction in the parking rate paid by terminal airline employees. This rate partially subsidized the shuttle to Long Term Parking Lot 2. The rate was reduced to reflect the discontinuation of the shuttle and to bring employee parking fees in line with other airports. Terminal building rental was slightly below budget due to changes in the actual space rented at the terminal. Fuel flowage fees are 16.8% above budget due to an increase in gallons purchased by the airlines due to aircraft up-gauging. Boarding bridge revenue was positively impacted by 19.3% by the timing of receipts.

Other revenue is **33.6% below budget**. Most of the revenue shortfall is related to the cancellation of an MOU between the Cities of Santa Barbara and Goleta for a Runway Protection Zone (RPZ) analysis. The project was cancelled in May 2016 by the City of Goleta

due to grant funding issues for Goleta's Ekwil Road and Fowler Street Extension project. Reimbursement from the TSA is also behind schedule.

Revenues	Annual Budget	YTD Actual	Remaining Balance	Percent of Variance
Commercial/Industrial	4,488,390	4,342,377	-146,013	-3.3%
Non-Commercial Aviation	2,093,650	2,078,232	-15,418	-0.7%
Terminal	4,884,637	4,855,625	-29,012	-0.6%
Commercial Aviation	4,544,034	4,431,206	-112,828	-1.9%
Interest	106,600	107,439	839	0.8%
Other	329,087	218,573	-110,514	-33.6%
Total Revenues	16,446,398	16,033,451	-412,946	-2.5%

Expenditures

Overall Departmental operating expenses, excluding encumbrances, are 7.0% below budget at \$16,487,432. When remaining encumbrances are included, operating expenses were 4.3% below budget.

Expenses	Annual Budget	YTD Actual	Encumbrances	Remaining Balance	Percent of Variance
Salaries & Benefits	6,006,251	5,475,484		-530,767	-8.8%
Materials, Supplies & Services	6,627,520	6,033,751	470,369	-123,399	-1.9%
Allocated Costs	1,676,091	1,676,091		0	0%
Special Projects	48,415	3,044		-45,371	-93.7%
Transfers-Out	1,358,896	1,358,896		0	0%
Debt Service	1,816,586	1,816,586		0	0%
Equipment	130,525	123,581		-6,944	-5.3%
Appropriate Reserves	62,227	0		-62,277	-100%
Total Expenses	17,726,510	16,487,432	470,369	-768,708	-4.3%

Salaries and Benefits are 8.8% 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 four categories: supplies and services, ARFF, Allocated Costs, and Engineering reimbursement. A variance of 7.2% below budget, excluding encumbrances, is found for all four categories of materials, supplies, and services. **Supplies and Services** are 15.7% below budget, excluding encumbrances, with significant

savings in utilities, cancellation of the RPZ MOU described above, and other miscellaneous savings throughout the department. **ARFF** costs were \$70,787 above budget. **Engineering and Allocated Costs** will remain within the budgeted amounts.

Transfers out were made to the capital, grants, and T-hangar funds.

Special Projects is 93.7% below budget, which reflects the elimination of the Long-Term Lot 2 shuttle bus lease payments.

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

Summary

Airport operating expenditures currently exceed operating revenues by \$453,981. Staff has worked to monitor expenses and reduce costs where possible, especially in light of the budgeted use of reserves of nearly \$1.3 million for Fiscal Year 2016.

PREPARED BY: Administration Division

ATTACHMENT: Airport Operating Fund Financial Report for Month Ended 6/30/2016

CITY OF SANTA BARBARA
 Airport Operating Fund
 Preliminary Financial Report
 For Month Ended 6/30/16 (100% of Fiscal Year)
 9/15/2016

100.00%

		Actual	Revised	Adopted	Actual	Encumbrances	\$	%
		2015	Budget with carry-forwards 2016	Budget 2016-92% of Fiscal Year	2016	2016	Variance (Excludes Encumbrances)	Variance (Excludes Encumbrance)
Operating Revenue								
Leases	Commercial & Industrial	\$ 4,213,977	\$ 4,488,390	\$ 4,488,390	\$ 4,342,377		\$ (146,013)	-3.3%
	Non-Commercial Aviation	\$ 1,925,526	2,093,650	\$ 2,093,650	\$ 2,078,232		\$ (15,418)	-0.7%
Terminal	Rental Cars(inc land lease for QTA)	\$ 1,964,104	2,037,693	\$ 2,037,693	\$ 1,906,072		\$ (131,621)	-6.5%
	Parking	\$ 2,516,180	2,502,000	\$ 2,502,000	\$ 2,640,556		\$ 138,556	5.5%
	Concessions	\$ 236,567	258,000	\$ 258,000	\$ 222,053		\$ (35,947)	-13.9%
	TSA Building Rent	\$ 86,944	86,944	\$ 86,944	\$ 86,944		\$ -	0.0%
	Terminal sub-total	\$ 4,803,795	\$ 4,884,637	\$ 4,884,637	\$ 4,855,625		\$ (29,012)	-0.6%
Commercial Aviation	Building	\$ 2,369,345	2,606,184	\$ 2,606,184	\$ 2,462,775		\$ (143,409)	-5.5%
	Landing Fees	\$ 1,457,330	1,519,250	\$ 1,519,250	\$ 1,481,490		\$ (37,760)	-2.5%
	Landing Fees (Freight/Charter)	\$ 50,712	53,050	\$ 53,050	\$ 53,776		\$ 726	1.4%
	Fuel Flowage Fees	\$ 90,796	118,050	\$ 118,050	\$ 137,899		\$ 19,849	16.8%
	Boarding bridges	\$ 467,443	247,500	\$ 247,500	\$ 295,266		\$ 47,766	19.3%
	Commercial aviation sub-total	\$ 4,435,626	4,544,034	\$ 4,544,034	\$ 4,431,206		\$ (112,828)	-2.5%
Total Leases		\$ 15,378,924	\$ 16,010,711	\$ 16,010,711	\$ 15,707,440		\$ (303,271)	-1.9%
Other	Interest Income	\$ 109,773	106,600	\$ 106,600	\$ 107,439		\$ 839	0.8%
	TSA Reimbursement	\$ 39,360	100,000	\$ 100,000	\$ 78,080		\$ (21,920)	-21.9%
	Rental Car QTA Reimburse	\$ 21,828	-					
	RPZ Analysis	\$ -	100,000	\$ 100,000	\$ -		\$ (100,000)	-100.0%
	Other	\$ 186,129	129,087	\$ 129,087	\$ 140,493		\$ 11,406	8.8%
	Other sub-total	\$ 357,089	435,687	\$ 435,687	\$ 326,012		\$ (109,675)	-25.2%
Total Operating Revenue		\$ 15,736,013	\$ 16,446,398	\$ 16,446,398	\$ 16,033,452		\$ (412,946)	-2.5%
Operating Expenses								
	Salaries & Benefits	\$ 5,267,632	6,006,251	\$ 6,006,251	\$ 5,475,484	\$ -	\$ (530,767)	-8.8%
	Supplies & Services	\$ 3,575,390	4,141,871	\$ 4,141,871	\$ 3,491,967	\$ 470,369	\$ (649,904)	-15.7%
	ARFF	\$ 2,024,143	2,131,980	\$ 2,131,980	\$ 2,202,767	\$ -	\$ 70,787	3.3%
	Engineering	\$ 322,275	353,669	\$ 353,669	\$ 339,018	\$ -	\$ (14,651)	-4.1%
	Special Project	\$ 40,447	48,415	\$ 48,415	\$ 3,044		\$ (45,371)	-93.7%
	Equipment	\$ 70,575	130,525	\$ 130,525	\$ 123,581	\$ -	\$ (6,944)	-5.3%
	Allocated Costs	\$ 1,500,542	1,676,091	\$ 1,676,091	\$ 1,676,091		\$ -	0.0%
	Appropriated reserves	\$ 0	62,227	\$ 62,227	\$ 0		\$ (62,227)	-100.0%
Total Operating Expenses		\$ 12,801,004	\$ 14,551,028	\$ 14,551,028.09	\$ 13,311,951	\$ 470,369	\$ (1,239,077)	-9%
	Net operating gain / (loss)	\$ 2,935,009	\$ 1,895,370		\$ 2,721,501			
	Debt Service-Tfrs out	\$ 1,786,222	\$ 1,816,586	\$ 1,816,586	\$ 1,816,586		\$ -	0.00%
	Capital Tfrs out	\$ 20,354	\$ 1,358,896	\$ 1,358,896	\$ 1,358,896		\$ -	0.0%
Total Expenses		\$ 14,607,580	\$ 17,726,510	\$ 17,726,510	\$ 16,487,433		\$ (1,239,077)	-7.0%
	Net Gain/(Loss)	\$ 1,128,433	\$ (1,280,112)		\$ (453,981)			