



City of Santa Barbara
Airport Department

DATE: November 16, 2016
TO: Airport Commission
FROM: Hazel Johns, Airport Director
SUBJECT: Fiscal Year 2017 Four-Month Financial Report

RECOMMENDATION:

That Airport Commission receive the Fiscal Year 2017 Four-Month financial report.

DISCUSSION:

Revenues

Airport Department preliminary four-month operating revenue is 11% above budget at \$6,410,664.

Commercial/Industrial revenue is **at target** at \$1,488,726.

Non-Commercial includes the rental received from the Fixed Base Operators, air freight operators, Ampersand, and other general aviation users and is **1.5% above target**, attributable to increased landing weights and fees.

The **Airline Terminal** includes revenues received from rental car companies, parking, and terminal concessions and is **5.9% above target**. Parking revenues are up 11.9%, driven by seasonal passenger usage in the summer months and usage of Long Term Lot 2 by the rental car companies and Surf Air. Concessions revenue is **down 4.3%**, but should rebound slightly following approval of the terminal advertising concessions agreement by City Council in September.

Commercial Aviation revenue, which includes Airline Terminal building rental and landing fees for the commercial airlines and airfreight, is **4.5% above** projections primarily due to landing fees at **12.6% above budget** and fuel flowage fees at **6.2% above target**. The budget included waived landing fees for the Dallas-Fort Worth flights in accordance with SBA airline incentives, but American has not availed themselves of the waiver. Increased fuel flowage is attributable to seasonality of the second Seattle flight and aircraft upgauging.

Other revenue is **177% above budget**. With the sale of 6100 Hollister Ave. to Direct Relief, the Airport Operating Fund was reimbursed for commercial/industrial development expenditures incurred prior to the sale of Airport property. Interest income is partially under budget due to the timing of receipts.

Revenues	Annual Budget	YTD Actual	Remaining Balance	Percent of Variance
Commercial/Industrial	4,472,463	1,488,726	2,983,737	-0.1%
Non-Commercial Aviation	2,170,905	734,170	1,436,735	1.5%
Terminal	5,219,696	1,843,183	3,376,513	5.9%
Commercial Aviation	4,555,412	1,586,569	2,968,843	4.5%
Interest	112,200	22,438	89,762	-40.0%
Other	796,805	735,579	61,226	177%
Total Revenues	17,327,481	6,410,664	10,916,817	11.0%

Expenditures

Overall Departmental operating expenses, excluding encumbrances, are 10.7% below budget at \$5,207,087. When remaining encumbrances are included, operating expenses were 12.7% above budget.

Expenses	Annual Budget	YTD Actual	Encumbrances	Remaining Balance	Percent of Variance
Salaries & Benefits	6,309,638	1,940,714		4,368,924	-7.7%
Materials, Supplies & Services	7,071,474	1,911,644	1,365,060	3,794,770	39.0%
Allocated Costs	1,786,205	595,402		1,190,803	0%
Special Projects	6,451	1,468	1,448	3,535	35.6%
Transfers-Out	355,466	142,793		212,673	20.5%
Debt Service	1,819,014	606,338		1,212,676	0%
Equipment	63,100	8,729		54,371	-58.5%
Appropriate Reserves	86,225	0		86,225	-100%
Total Expenses	17,497,573	5,207,087	1,366,507	10,923,979	12.7%

Salaries and Benefits are 7.7% below budget with vacant positions throughout the year in 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 15.1% below budget, excluding encumbrances, is found for all four categories of materials, supplies, and services. **Supplies and Services** are 29.5% below budget, excluding encumbrances, primarily due to the timing of payments and miscellaneous savings across the department. Significant encumbrances are made at the beginning of each fiscal year for parking management and maintenance-related contracts. **ARFF** expenditures are within budget. **Engineering and Allocated Costs** are 5.2% below budget.

Transfers out were made to the capital, grants, and T-hangar funds. The transfer for the FAA grant match was made at the beginning of the fiscal year, which leads to a variance of 20.5%. Transfers out will not exceed budget at year end.

Special Projects is 31.7% below budget, excluding encumbrances.

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

Summary

Airport operating revenues currently exceed operating expenditures by \$1,203,577. Staff will continue to monitor expenses and reduce costs where possible.

PREPARED BY: Administration Division

ATTACHMENT: Airport Operating Fund Financial Report for Month Ended
10/31/2016

CITY OF SANTA BARBARA
 Airport Operating Fund
 Preliminary Financial Report
 For Month Ended 10/31/16 (33.33% of Fiscal Year)
 11/10/2016

33.33%

		Actual	Revised	Adopted	Actual	Encumbrances	\$	%
		2016	Budget with	Budget 2016-92% of	2017	2017	Variance	Variance
			carry-forwards	Fiscal Year			(Excludes	(Excludes
Operating Revenue		2016	2017		2017	2017	Encumbrances)	Encumbrance
Leases								
	Commercial & Industrial	\$ 4,296,205	\$ 4,472,463	\$ 1,490,821	\$ 1,488,726		\$ (2,095)	-0.1%
	Non-Commercial Aviation	\$ 2,078,232	\$ 2,170,905	\$ 723,635	\$ 734,170		\$ 10,535	1.5%
Terminal								
	Rental Cars(inc land lease for QTA)	\$ 1,906,072	\$ 2,085,008	\$ 695,003	\$ 692,119		\$ (2,884)	-0.4%
	Parking	\$ 2,640,556	\$ 2,748,502	\$ 916,167	\$ 1,025,127		\$ 108,960	11.9%
	Concessions	\$ 222,053	\$ 289,045	\$ 96,348	\$ 92,213		\$ (4,135)	-4.3%
	TSA Building Rent	\$ 86,944	\$ 97,141	\$ 32,380	\$ 33,724		\$ 1,343	4.1%
	Terminal sub-total	\$ 4,855,625	\$ 5,219,696	\$ 1,739,899	\$ 1,843,183		\$ 103,284	5.9%
Commercial Aviation								
	Building	\$ 2,462,775	\$ 2,518,389	\$ 839,463	\$ 844,780		\$ 5,317	0.6%
	Landing Fees	\$ 1,481,490	\$ 1,525,717	\$ 508,572	\$ 572,682		\$ 64,110	12.6%
	Landing Fees (Freight/Charter)	\$ 53,776	\$ 58,485	\$ 19,495	\$ 19,364		\$ (131)	-0.7%
	Fuel Flowage Fees	\$ 137,899	\$ 178,311	\$ 59,437	\$ 63,139		\$ 3,702	6.2%
	RON Fees	\$ -	\$ 27,010	\$ 9,003	\$ 2,257		\$ (6,746)	-74.9%
	Boarding bridges	\$ 295,266	\$ 247,500	\$ 82,500	\$ 84,347		\$ 1,847	2.2%
	Commercial aviation sub-total	\$ 4,431,206	\$ 4,555,412	\$ 1,518,471	\$ 1,586,569		\$ 68,098	4.5%
Total Leases		\$ 15,661,268	\$ 16,418,476	\$ 5,472,825	\$ 5,652,648		\$ 179,823	3.3%
Other								
	Interest Income	\$ 107,439	\$ 112,200	\$ 37,400	\$ 22,438		\$ (14,962)	-40.0%
	TSA Reimbursement	\$ 87,040	\$ 88,000	\$ 29,333	\$ 29,120		\$ (213)	-0.7%
	Other	\$ 140,493	\$ 708,805	\$ 236,268	\$ 706,459		\$ 470,190	199.0%
	Other sub-total	\$ 334,972	\$ 909,005	\$ 303,002	\$ 758,016		\$ 455,015	150.2%
Total Operating Revenue		\$ 15,996,240	\$ 17,327,481	\$ 5,775,827	\$ 6,410,664		\$ 634,837	11.0%
Operating Expenses								
	Salaries & Benefits	\$ 4,989,135	\$ 6,309,638	\$ 2,103,213	\$ 1,940,714	\$ -	\$ (162,499)	-7.7%
	Supplies & Services	\$ 3,494,815	\$ 4,463,946	\$ 1,487,982	\$ 1,048,814	\$ 1,365,060	\$ (439,168)	-29.5%
	ARFF	\$ 2,202,767	\$ 2,240,937	\$ 746,979	\$ 746,979	\$ -	\$ -	0.0%
	Engineering	\$ 339,018	\$ 366,591	\$ 122,197	\$ 115,851	\$ -	\$ (6,346)	-5.2%
	Special Project	\$ 3,044	\$ 6,451	\$ 2,150	\$ 1,468	\$ 1,448	\$ (682)	-31.7%
	Equipment	\$ 123,581	\$ 63,100	\$ 21,033	\$ 8,729	\$ -	\$ (12,304)	-58.5%
	Allocated Costs	\$ 1,676,091	\$ 1,786,205	\$ 595,402	\$ 595,402	\$ -	\$ (0)	0.0%
	Appropriated reserves	\$ 0	\$ 86,225	\$ 28,742	\$ 0	\$ -	\$ (28,742)	-100.0%
Total Operating Expenses		\$ 12,828,449	\$ 15,323,093	\$ 5,107,697.53	\$ 4,457,956	\$ 1,366,507	\$ (649,741)	-13%
	Net operating gain / (loss)	\$ 3,167,791	\$ 2,004,388		\$ 1,952,708			
	Debt Service-Tfrs out	\$ 1,791,040	\$ 1,819,014	\$ 606,338	\$ 606,338		\$ -	0.00%
	Capital Tfrs out	\$ 1,358,896	\$ 355,466	\$ 118,489	\$ 142,793		\$ 24,304	20.5%
Total Expenses		\$ 15,978,386	\$ 17,497,573	\$ 5,832,524	\$ 5,207,087		\$ (625,437)	-10.7%
	Net Gain/(Loss)	\$ 17,855	\$ (170,092)		\$ 1,203,577			