DATE: September 20, 2017

TO: Airport Commission

FROM: Hazel Johns, Airport Director

SUBJECT: Fiscal Year 2017 Fourth Quarter Financial Report

RECOMMENDATION:

That Airport Commission receive the Fiscal Year 2017 Fourth Quarter financial report.

DISCUSSION:

Airport revenues are tracked in a number of categories:

- **Leases- Commercial/Industrial** include revenues from airport-owned land and buildings in the commercial/industrial area.
- **Leases-Terminal** include revenues from rental car companies, parking, and terminal concessions.
- **Leases- Non-Commercial Aviation** includes rental received from Fixed Base Operators, Ampersand, and other general aviation users.
- **Leases- Commercial Aviation** includes Airline Terminal building rental, fuel flowage, and landing fees for the commercial airlines and airfreight.
- **Investment Income**
- **Miscellaneous** revenue for items such as TSA Law Enforcement Officer (LEO) reimbursement and Airport badging.
- **Operating Transfers-In** to reimburse Operating Fund costs associated with the development of 6100 Hollister Ave.

Airport expenditures are tracked in a number of categories:

- **Salaries & Benefits**
- **Materials, Supplies & Services** includes supplies and services, Aircraft Rescue and Fighting (ARFF), allocated costs, and Engineering reimbursement.
- **Special projects** for airport signage and the Airport Tour Center.
- **Transfer-Out** to the T-hangar fund.
- **Debt Service** for the Airline Terminal project.
- **Capital Outlay Transfers** to the Capital fund.
- **Equipment**

The following chart summarizes Airport revenues and expenditures at the end of the Fourth Quarter for Fiscal Year 2017.
At Fourth-Quarter:

Revenues
At Fourth Quarter Actual Revenues are at $17.5M, or 101% of budget, mainly due to the following factor(s):

- Leases for non-commercial aviation and commercial aviation are at 101.9% and 102.8% of budget, respectively. In both cases, increased landing weights, and associated landing fees, are the primary driver for the increase. For commercial aviation, airline landing fees are up significantly at 112% of budget, primarily due to aircraft upgauging and the budget assumption that the Dallas-Fort Worth flight would take advantage of the Airport incentive program to waive landing fees for one year.

- Miscellaneous revenue is at 134% of budget, mainly due to the timing of Law Enforcement Officer (LEO) reimbursement from TSA.

Expenditures
Overall, Fourth Quarter Actual Expenditures are at $17.0M, which is slightly below budgeted levels at 94.2%. This is due to the following factors:

- Salary and benefits savings of $451,000 from position vacancies in Administration, Business & Property Management, Airport Patrol, Custodial and Facilities Maintenance, and Certification and Operations. Patrol vacancies are being covered with overtime and hourly employees.

- Materials, supplies, and services are $501,000 under budget with savings in utilities expenditures vs. budget. The budget included $227,000 for the grant match for the Runway 7-25 Rehabilitation project, which was not used in FY 2017 since the project will occur in FY 2018.
Summary/additional information:
At Fourth Quarter, revenues exceeded expenditures by $567,000. The Fourth Quarter results are close to final Fiscal Year 2017 year-end totals, pending any final adjustments for the purposes of preparing for the annual audit and preparing the City’s annual financial report.

PREPARED BY: Administration Division