



City of Santa Barbara
Airport Department

DATE: August 15, 2018
TO: Airport Commission
FROM: Hazel Johns, Airport Director
SUBJECT: Fiscal Year 2018 Fourth Quarter Financial Report

RECOMMENDATION:

That Commission receive a staff presentation regarding the Fiscal Year 2018 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 Firefighting (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 2018.

YTD Budget Report Per 1-13					
ACCOUNT DESCRIPTION	REVISED BUDGE	YTD ACTUAL	ENCUMB	AVAILABLE BUDGE	% USED
Leases- Commercial/Industrial	(4,425,100)	(4,682,165)	-	257,065	105.81%
Leases- Terminal	(6,024,790)	(5,707,392)	-	(317,398)	94.73%
Leases- Non-Commercial Aviation	(2,443,030)	(2,293,411)	-	(149,619)	93.88%
Leases- Commercial Aviation	(5,244,460)	(5,117,106)	-	(127,354)	97.57%
Investment Income	(122,700)	(146,543)	-	23,843	119.43%
Miscellaneous	(398,282)	(435,374)	-	37,092	109.31%
Revenue Total	(18,658,362)	(18,381,991)	-	(276,371)	98.52%
Salaries & Benefits	6,865,196	6,492,027		373,169	94.56%
Materials, Supplies & Services	9,231,981	8,649,591	7,925	574,465	93.78%
Special Projects	97,420	90,301	-	7,119	92.69%
Debt Service	1,817,511	1,800,355	-	17,156	99.06%
Capital Outlay Transfers	2,212,700	2,200,346	-	12,354	99.44%
Equipment	66,300	44,769	13,419	8,112	87.76%
Appropriated Reserve	20,832	-	-	20,832	0.00%
Expense Total	20,311,940	19,277,389	21,344	1,013,207	95.01%
Grand Total	1,653,578	895,398	21,344	736,836	55.44%

At Fourth-Quarter:

Revenues

At Fourth Quarter Actual Revenues are at \$18.4M, or 99% of budget, mainly due to the following factor(s):

- Commercial/industrial leases have had limited vacancies to date, and are at 81% of budget. The Airport also received reimbursement of \$110,500 from a former tenant for new carpet and interior painting in Building 114 after the tenant vacated the building.
- Terminal leases includes revenues associated with the Ground Transportation Program. This program has not been implemented yet, as the Airport Operations Manager retired and a replacement started in December 2017. The program is not anticipated to collect any revenue until Fiscal Year 2019. Parking and rental car revenues are also down due to decreased passenger traffic vs. budget.
- Non-commercial aviation leases had no rental income from the 495 South Fairview facility, which reverted to Airport control in May 2018. Tenants have assumed August lease start dates, and negotiations have been ongoing for one tenant that will likely yield rent back to May 2018. General aviation landing fees were under budget with reductions in service from SurfAir.
- Commercial aviation leases had decreased fuel sales to the airlines and aircraft downgauging during the winter months led to decreased airline landing fees.

- Miscellaneous revenue is at 109% of budget, mainly due to the timing of Law Enforcement Officer (LEO) reimbursement from TSA and reimbursement for property damage at the Airport.

Expenditures

Overall, Fourth Quarter Actual Expenditures are at \$19.1M, which is slightly below budgeted levels at 94.6%. This is due to the following factors:

- Salary and benefits savings of \$373,000 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 \$574,000 under budget with savings of \$128,000 due to delayed implementation of the Ground Transportation Program, maintenance contract savings, and the timing of contract encumbrances vs. actual spending, e.g. a contract encumbrance at the end of the fiscal year with no expenditures.

Summary/additional information:

At Fourth Quarter, the Airport had a deficit of \$895,000. Airport reserves were \$1.5 million above policy at the end of FY 2017.

PREPARED BY: Administration Division