



**AIRPORT COMMISSION
BUDGET AND FINANCE COMMITTEE**
Tuesday, March 1, 2022 – 1:00 P.M.

ACTION SUMMARY MINUTES

1. CALL TO ORDER:

Committee Chairman Feltman called the Budget and Finance Committee meeting to order at 1:04 P.M.

2. POSTING OF AGENDA: Agenda posted on February 24, 2022.

3. ROLL CALL:

Committee Members Present: Budilo, Feltman, Hedrick, Miller, and Weil.

Committee Members Absent: Corcoran and Freymuth.

Staff Present:

Harry Barrett, Interim Airport Executive Director
Victoria Carpenter, Airport Administration Manager
Kristopher Mooney, Assistant Director of Finance
Christina Brown, Executive Administrative Assistant

4. ACCEPTANCE OF AGENDA:

ACTION: Accept the agenda as presented. **Moved by Committee Member Hedrick and seconded by Committee Member Weil and unanimously approved noting the absence of Committee Members Corcoran and Freymuth.**

5. PUBLIC COMMENTS: None

6. APPROVAL OF MINUTES:

Committee Chairman Feltman noted that Executive Administrative Brown had notified the Committee that due to the lack of quorum of members that were present at the April 20, 2021 Budget and Finance Committee meeting, the Committee would not be voting on the April 20, 2021 meeting minutes.

7. PRESENTATION: None

8. DISCUSSION AND ACTION ITEMS:

8.A Airport Budget FY2022-23

Airport Administration Manager Carpenter presented a chart of the total passengers by year from 2012 to 2021, and she reported that with the exception of 2015, there had been a steady year-over-year increase in passengers. Ms. Carpenter presented a chart of the total passengers by month for 2018 through 2021, and she said that the passenger traffic had surpassed the prior three years in the months of June through December and that the all-time high record for this time of year and in any prior year had been broken.

Ms. Carpenter presented a chart of the total passengers by month for 2018 through January 2022, and she noted that even with the Delta variant impacting travel during January 2022, the passenger traffic had increased when compared to January 2021. Ms. Carpenter presented a chart of the total passengers by month for 2018 through 2021, and she provided the forecasts for 2022 that were in comparison to 2019 and 2021.

Ms. Carpenter presented a chart of the total passengers for FY2018-19 through FY2021-22, and she noted that historically, the summer months of July and August are the slowest months of the year, with passenger traffic increasing each subsequent month until March, followed by a decrease for the remaining three months of April through June, and she said that neither of the last two fiscal years followed the normal profile due to the pandemic.

Ms. Carpenter presented the proposed revenue and expense budgets for FY2022-23, and she said that the revenue was calculated by first identifying the revenue from fixed sources such as land rents, evaluating the revenue that was impacted by passenger traffic, such as concessions, and adjusting for an increase or decrease in passenger traffic. Ms. Carpenter said that the revenue was also compared to previous years, which included both projected budgets and actuals, and she said that she was estimating a \$12.4 million draw down from the COVID relief grant funding to provide coverage for any unforeseen shortfalls in the proposed budget.

Ms. Carpenter provided an overview of the projected budget for Airport Fund 415 – Maintenance and Operations, and she noted that the airport staff would be focused on drawing down on the grant funding before it expires. Ms. Carpenter also provided an overview of Airport Funds 405 – Customer Facility Charge, 410 – Passenger Facility Charge, and 416 – Capital Projects. She presented a list of the special capital projects for the airport capital outlay budget that is not funded by grants, and she noted that the list of projects would have to be approved by the airlines. Ms. Carpenter provided a breakdown of the Federal grants and the projects that were being funded by the Federal grants.

Ms. Carpenter noted that the budgeted expenses for marketing was \$35,000 for printing, \$579,000 for advertising, and there is a contingency fund of \$25,000. She provided a summary of the FAA grants which included the beginning balances, the funds that had been used as of June 30, 2021, the projected use of funds for the current fiscal year and the next fiscal year, the estimated balance as of June 30, 2023, and the expiration dates of the grants.

Committee Chairman Feltman asked if the Committee Members had any questions in regard to Airport Fund 415 - Maintenance and Operations. Committee Member Miller inquired about the funds that were set aside for PERS. Ms. Carpenter explained that the City requires that airport staff set aside the funds for the PERS liability. Committee Member Miller asked if the City had calculated the amount to set aside, and if so, did the Airport staff verify the amount. Ms. Carpenter confirmed that the City had calculated the amount to set aside and that Airport staff had verified the amount. Committee Member Miller asked what CRSSA stands for. Ms. Carpenter said that CRSSA stands for Coronavirus Response and Relief Supplemental Appropriations Act. Committee Member Miller suggested that staff spell out the acronyms for those that are unfamiliar with the grants.

Committee Member Weil asked what would happen if the CRSSA funds were no longer available for FY2022-23. Interim Airport Executive Director Barrett explained that the agreement with the airlines requires that the airlines cover the airport operating costs.

Committee Member Miller asked what would happen if the airlines don't agree with a project that the City and Airport staff has determined is needed. Mr. Barrett explained that the airlines have veto power over the projects, the City and Airport staff would not be allowed to pursue a project that the airlines object to, and he said that it was rare for the airlines to veto projects.

Committee Chairman Feltman inquired about the proposed additional staffing, and Mr. Barrett reviewed the list of proposed positions by priority. Committee Chairman Feltman asked if baggage handling was handled by the airlines or by the Airport staff. Mr. Barrett explained that the baggage handling system is handled by the Airport staff and the baggage ground handling is handled by the airlines. Committee Chairman Feltman asked if the Airport staff was engaged with the airlines on metrics for performance. Mr. Barrett said that the airlines have their own metrics for performance, the Airport staff uses TSA's passenger forecasts to calculate baggage efficiency, and he said that staff was looking into initiating a forecast and efficiency study through the Airport's Master Plan.

Committee Member Hedrick inquired about the current Passenger Facility Charge (PFC) per passenger. Ms. Carpenter said that the current PFC per passenger is \$4.50, and the airlines retain \$.11. Committee Member Hedrick inquired about the PFC cap, and Ms. Carpenter said that the cap was \$18.00. Committee Member Hedrick said

that theoretically the Airport could potentially have another \$30 million a year in debt service for a bond. Ms. Carpenter said that it would depend on the Airport's infrastructure needs.

Committee Chairman Feltman asked if the Committee Members had any questions in regard to the Airport Summary of Accounts. Committee Member Miller asked if Airport staff was certain about the projected revenue increase for Airport Fund 405 – Customer Facility Charge (CFC). Ms. Carpenter explained that the increased revenue is based on the calculation that 20% of the deplaned passengers will rent a vehicle for 3 days which would generate a CFC of \$27 per passenger, and she noted that the CFC had recently been increased from \$10 per transaction to \$9 per transaction day with a maximum 5-day limit. Committee Member Miller inquired about the \$2 million for expenditures. Ms. Carpenter explained that the \$2 million would be used to cover the initial planning expenses for the consolidated rental car facility. Committee Member Miller inquired about the \$15 million in expenses for Airport Fund 415 – Capital Projects for FY2021-22. Ms. Carpenter reviewed the projects that the \$15 million was funding. Committee Member Miller asked what AIP stands for. Ms. Carpenter said that AIP stands for Airport Improvement Projects which are the projects that are funded by the FAA.

Committee Chairman Feltman asked if staff expects the allocated funds for the special capital projects to be fully spent in the next fiscal year. Ms. Carpenter said that it was a possibility that some of the projects could overlap into the following fiscal year. Committee Chairman Feltman questioned how the remaining funds would be handled. Ms. Carpenter said that the funds would be rolled over into the following fiscal year.

Committee Member Miller asked what VIP stands for. Ms. Carpenter explained that VIP stands for Vehicle Inspection Plaza. Committee Member Miller inquired about the telehandler. Ms. Carpenter said that a telehandler is a piece of equipment that is used to reach high places.

Committee Chairman Feltman requested that the marketing budget be presented as a line item. Mr. Barrett explained that the marketing budget was hard coded into the finance system as a subcategory of the overall budget, and he said that staff was intending on relabeling the subcategories at some point over the next year.

Committee Member Miller referred to Airport Fund 415 – Operations and Maintenance, and he inquired about the 15% decrease in land rental revenue. Ms. Carpenter said that there is a lease agreement that could possibly not be extended when it expires. Committee Member Miller inquired about the parking revenue being projected at the same amount as the current fiscal year. Ms. Carpenter said that she was being conservative with the projected amounts.

Committee Chairman Feltman said he had spoken with Mr. Barrett and Airport Commission Vice Chairman Corcoran, and he said that he believed that there had been an agreement in principle that the Budget and Finance Committee would meet for the next two months because it's budget season and then every other month until the end of the year. Committee Chairman Feltman said that he wanted to start the reporting modifications discussion at this meeting and the Committee would continue the discussion at the following meeting to go into a deeper dive. Committee Member Miller said that he agreed with Committee Chairman Feltman, he thanked Ms. Carpenter for taking the Committee Member's comments into consideration when expanding the financial reports, and he said that he would like to go more in depth on the capital projects.

Committee Chairman Feltman requested that an appendix with the key words and descriptions be provided to the Commission, he said that he believed that the Commission was eager to see accrual and cash flow reports over a twelve-month period. Ms. Carpenter said that the City reports on an accrual basis, and she said that it would be difficult to provide a cash flow report. Committee Chairman Feltman suggested that a rolling twelve-month financial report could help the Commission see the cash flow. Committee Member Miller said that he believed that a year-to-date column and a projected column for the monthly financial reports would be helpful.

Assistant Director of Finance Mooney said that the Finance staff was continuing to learn how to work with the new finance software, and he said that they were working on figuring out how to provide the trending financial reports that the Commission would like to receive. He said that in the City's Annual Comprehensive Financial Report (ACFR) has a snapshot of the City's Statement of Cash Flows for the airport that is prepared by the City's auditors, and he said that he didn't believe that the City's financial system would have the capability to produce a Statement of Cash Flows and that a Statement of Cash Flows would have to be manually produced. Committee Chairman Feltman said that it wasn't his intent to create more work for staff. Mr. Mooney said that once the Finance staff figures out how to create a fully trended income statement with revenue and expenses, he will provide instruction to the airport staff on how to create the income statement.

Committee Member Miller inquired about the financial software, and he asked when the software was implemented. Ms. Carpenter said that Tyler Munis was the financial software and she said that the software was implemented this fiscal year. Committee Member Miller noted that Tyler Munis has an enterprise fund module, and he said that he thought that the enterprise fund module would work well for the Airport. He also noted that the project accounting module could also be beneficial for the Airport. Mr. Mooney said that the City does utilize the project accounting module and that he wasn't sure if the enterprise fund module was included in the City's financial software.

ACTION: Motion to recommend that the Airport Commission review the Airport Budget FY2022-23. **Moved by Committee Chairman Feltman and seconded by Committee Member Corcoran and unanimously approved noting the absence of Committee Members Freymuth and Weil.**

8.B Reporting Modifications

This item was discussed in Item 8.A.

8.C Capital Projects

Interim Airport Executive Director Barrett noted that there is a list of grant funded projects that staff is pursuing which includes the Airfield Wildlife Hazard Management Assessment, Hot Spots Study, and a Design Hot Spot Study. Mr. Barrett said that the staff had forecasted projects for the next five years. He explained to the Committee that the FAA had requested that airport staff realign the airports CIP to focus more on safety and capacity, and he said that staff would provide a revised CIP list to the Committee as soon as possible. Mr. Barrett said that the airport staff also needs to review the projects with the Airlines before the project list can be finalized by staff.

Committee Chairman Feltman asked when staff would be presenting the budget to the Commission. Ms. Carpenter said that staff was working on presenting the budget to the Commission in March and that it could be held until the April Commission meeting.

Ms. Brown notified Committee Chairman Feltman that Committee Member Weil had left the meeting and that Committee Member Corcoran had joined the meeting that the precedent has been for the Budget and Finance Committee to vote on a motion to recommend that the Airport Commission review the budget.

8.D Impact of City's New Financial System

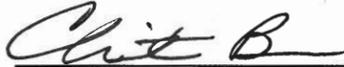
This item was discussed in Item 8.A.

9. COMMITTEE MEMBERS REPORTS AND REQUESTS: None

10. ADJOURNMENT:

ACTION: Motion to adjourn. **Moved by Committee Member Miller and seconded by Committee Member Corcoran and unanimously approved noting the absence of Committee Members Freymuth and Weil.**

The Airport Budget and Finance Committee Meeting adjourned at 4:12 P.M. to a meeting to be determined in April.



Christina Brown
Executive Administrative Assistant

APPROVED BY BUDGET AND FINANCE COMMITTEE: 03/11/2022