



CITY OF SALINAS

AIRPORT COMMISSION STAFF REPORT

DATE: MAY 23, 2019

DEPARTMENT: PUBLIC WORKS, AIRPORT DIVISION

FROM: BRETT J. GODOWN, AIRPORT MANAGER

TITLE: SALINAS MUNICIPAL AIRPORT BUDGET FY 2019-2020

RECOMMENDED MOTION:

A motion from the Airport Commission recommending City Council approve the FY 2019/2020 Salinas Municipal Airport Budget.

RECOMMENDATION:

It is recommended that the Airport Commission recommend City Council adopt a resolution approving FY 2019/2020 Salinas Municipal Airport Budget

BACKGROUND:

Each year the Airport is required to develop a budget to account for enterprise activities including all expenses, revenues and capital projects. The budget presented in this report provides an overview of the FY2018/2019 proposed Airport Budget.

The Airport operates as an enterprise fund that is established to account for operations that are financed in a manner similar to private business enterprises, where the intent is that the costs of services to the public be financed or recovered primarily through user charges, fees or rents. The Salinas Municipal Airport Enterprise Fund has been successful in generating revenues adequate to pay all costs associated with the operation of the airport as well as generate funds to provide the matching portion of federal and state grants.

There are three key elements to the Airport Budget: Revenues, Expenditures and Capital Improvement Projects (CIP). Revenues track incoming funds by type, including hangar rents, ground rents, building rents, and fuel revenues. Expenditures include costs for all operations, salaries, maintenance expenses (including utilities, office supplies etc). Capital Projects include onetime large project expenses including paving, construction, major studies, and large-scale maintenance programs.

The Airport Budget is separated into two funds. The Municipal Airport Fund accounts for day-to-day operations, salaries and ongoing maintenance expenses. This fund is created by the collection of rents, fees, and other revenues generated by airport activities. The Special Aviation Fund was created by the sale of airport land in the early 1990's that was used for the Moffett Street industrial park. This fund is restricted and used for capital projects and to make payments on projects funded

by FAA Grants. When grant funding is recovered the money goes back into the Special Aviation Fund (Cabbott & Forbes) to offset payments on projects.

The Municipal Airport Fund is projected to begin the 2019/20-budget year with a beginning balance of approximately \$603,000. The balance in the Special Cabbot & Forbes is expected to be \$1,455,000.

The proposed 2019-2020 Salinas Municipal Airport Budget was presented to Salinas Pilots Association and to the airport businesses during the month of May 2019.

ANALYSIS:

Airport Staff believes the proposed budget will hold-up through several levels of City Staff review following that of the Airport Commission. It is important to understand that the City Council and the City Manager may make changes they believe are necessary even after the Airport Commissions initial review and or recommendation.

Item 1. Revenues:

Staff has included the following adjustments to the FY2019/2020 budget based on the proposed rates and fees (the recommendation of the adjustments will be covered in a separate report to the Airport Commission titled *FY 2019/2020 Salinas Municipal Airport Rates and Fees Schedule*):

Refuse Fee

A \$3.50 refuse fee will be assessed to airport hangar and storage tenants to offset direct costs associated with providing two three-yard dumpsters to the 252 airport hangar tenants on a weekly basis.

Gate Card Renewal Fee

The annual renewal fee will be established at \$40 per card. The existing system has approximately 1,000 cards uploaded in the system. A review of the active cards indicates approximately 500-700 cards are active. By establishing an annual renewal fee, it is estimated that approximately 500 cards will remain active. 500 active cards would annually yield approximately \$20,000.

Gate Code Renewal Fee

The gate code renewal fee will be established at \$400.00 annually.

Overnight Terminal Parking Fee

A \$5.00 overnight parking fee per space is being recommended for approval. The City will waive parking fees for airport businesses.

Item 2. Non-Salary Expenses

For the Airport Enterprise fund, Non-Salary Expenses include all other expenses except Salaries and Benefits, and Capital Improvement Projects. Primarily Non-Salary expenses are operations and maintenance expenses. The expenses include: office supplies, janitorial supplies, building maintenance supplies, advertising, memberships, equipment, and other items and resources necessary to operate and maintain airport facilities. Staff continues to become more efficient and

investigate ways to reduce costs. Non-Salary Expenses is budgeted to increase by 4.39% (\$28,650.00). Utilities are expected to increase by \$23,500.00; of that \$23,500.00, approximately \$11,000.00 was budgeted for the addition of refuse services for the hangar tenants.

Item 3. Employee Services

Employee Services will increase by 3.67%. The budgeted increases include cost of living adjustment for all City Employees, CalPers costs, and healthcare premiums.

Item 4. Capital Improvement Projects:

Federally Funded Projects

RWY 8/26, 13/31, and Heliport Rehabilitation – Construction

The total project cost is \$550,601. The project is 90% funded by the Federal Aviation administration, and 5% funded by CalTrans Division of Aeronautics. CalTrans will fund \$25,777, leaving the airport to pay \$30,284.

Municipal Airport Fund Projects

Airport Security System \$80,500

Airport Terminal Storefront \$51,750 (programed but not funded)

CEQA/NEPA CONSIDERATION:

The City of Salinas has determined that the proposed action is not a project as defined by the California Environmental Quality Act (CEQA) (CEQA Guidelines Section 15378).

STRATEGIC PLAN INITIATIVE:

Approval of the Airport's budget supports Salinas City Council Strategic Plan, Council's goal statement for Effective, Sustainable Government.

DEPARTMENTAL COORDINATION:

The Airport's budget is reviewed and coordinated with the Publics Works Department, Finance Department, and City Administration.

FISCAL AND SUSTAINABILITY IMPACT:

The above changes in budget have been fully accounted for, as have funds for all projected expenses.

ATTACHMENTS:

2018/2019 – 2019/2020 Airport Budget Comparisons