



# CITY OF SANTA BARBARA

## COUNCIL AGENDA REPORT

**AGENDA DATE:** May 13, 2015

**TO:** Mayor and Councilmembers

**FROM:** Administration Division, Finance Department

**SUBJECT:** Proposed Two-Year Financial Plan For Fiscal Years 2016 And 2017

### **RECOMMENDATION:**

That Council hear presentations from the Airport, Waterfront, and Solid Waste Fund (Finance) Departments on their Fiscal Year 2016 Recommended Budgets as contained in the Proposed Two-Year Financial Plan for Fiscal Years 2016 and 2017.

### **DISCUSSION:**

In connection with City Council's review of the Proposed Two-Year Financial Plan for Fiscal Years 2016 and 2017, nine public hearing dates have been scheduled during which City departments will present their respective budgets and City Council make final decisions prior to adoption. All nine meetings have been publicly noticed and are special budget work sessions scheduled separately from the regularly scheduled Tuesday City Council meetings held. At the work sessions, members of the public are encouraged to attend and will have the opportunity to make comment and provide feedback on any aspect of the Proposed Plan.

At the May 11 special budget work session, Council heard a presentation on the Parks & Recreation department budget.

At today's special budget work session, scheduled from 3:00 p.m. to 6:00 p.m., Council will hear department budget presentations from the Airport, Waterfront, and Solid Waste Funds .

At the next scheduled work session to be held on Monday, May 18, 2015 from 2:00 p.m. to 5:00 p.m., Council will hear a department budget presentation from Public Works.

The Schedule of Council Budget Review Meetings and Public Hearings is included as an attachment to this report.

**ATTACHMENT:** Schedule of Council Budget Review Meetings and Public Hearings

**SUBMITTED BY:** Robert Samario, Acting Assistant City Administrator/Finance Director

**APPROVED BY:** City Administrator's Office

**CITY OF SANTA BARBARA**  
**Two-Year Financial Plan for Fiscal Years 2016 and 2017**

**Schedule of Council Budget Review Meetings  
and Public Hearings**

<b>MEETING</b>	<b>DATE</b>	<b>BUDGET AGENDA ITEM(S)</b>
SPECIAL BUDGET WORK SESSION AND PUBLIC HEARING #1	Thurs., April 30, 2015 3:00 – 6:00 pm Council Chambers	<ul style="list-style-type: none"> <li>➤ Open Budget Public Hearing</li> <li>➤ <u>Department Budget Presentations for:</u> <ul style="list-style-type: none"> <li>- Community Development / Successor Agency</li> <li>- Library</li> </ul> </li> </ul>
SPECIAL BUDGET WORK SESSION AND PUBLIC HEARING #2	Mon., May 4, 2015 3:00 – 6:00 pm Council Chambers	<ul style="list-style-type: none"> <li>➤ <u>Department Budget Presentations for:</u> <ul style="list-style-type: none"> <li>- Finance</li> <li>- General Government</li> <li>- Administrative Services</li> <li>- City Attorney's Office</li> <li>- City Administrator's Office</li> <li>- Mayor &amp; Council</li> </ul> </li> </ul>
SPECIAL BUDGET WORK SESSION AND PUBLIC HEARING #3	Mon., May 11, 2015 6:00 – 9:00 pm Council Chambers	<ul style="list-style-type: none"> <li>➤ <u>Department Budget Presentation for:</u> <ul style="list-style-type: none"> <li>- Parks &amp; Recreation (including Creeks and Golf Funds)</li> </ul> </li> </ul>
SPECIAL BUDGET WORK SESSION AND PUBLIC HEARING #4	Wed., May 13, 2015 3:00 – 6:00 pm Council Chambers	<ul style="list-style-type: none"> <li>➤ <u>Department Budget Presentations for:</u> <ul style="list-style-type: none"> <li>- Airport</li> <li>- Waterfront</li> <li>- Solid Waste Fund (Finance)</li> </ul> </li> </ul>
SPECIAL BUDGET WORK SESSION AND PUBLIC HEARING #5	Mon., May 18, 2015 2:00 – 5:00 pm Council Chambers	<ul style="list-style-type: none"> <li>➤ <u>Department Budget Presentation for:</u> <ul style="list-style-type: none"> <li>- Public Works</li> </ul> </li> </ul>

SPECIAL BUDGET WORK SESSION AND PUBLIC HEARING #6	Wed., May 20, 2015 2:00 – 5:00 pm Council Chambers	➤ <u>Department Budget Presentation for:</u> - Fire - Police
SPECIAL BUDGET WORK SESSION AND PUBLIC HEARING #7	Mon., June 1, 2015 2:00 – 5:00 pm Council Chambers	➤ Finance Committee Budget Recommendations to Council ➤ Council Budget Deliberations ➤ Final Council Budget Direction to Staff ➤ Planned Close of Budget Public Hearings (unless additional Work Sessions needed)
SPECIAL BUDGET WORK SESSION AND PUBLIC HEARING #8	Wed., June 3, 2015 9:00 am – 12:00 pm Council Chambers	➤ Continue Council Budget Deliberations <b>(if needed)</b>
SPECIAL BUDGET WORK SESSION AND PUBLIC HEARING #9	Mon., June 8, 2015 3:00 – 6:00 pm Council Chambers	➤ Continue Council Budget Deliberations <b>(if needed)</b>
REGULAR CITY COUNCIL MEETING	Tues, June 16, 2015 Afternoon session Council Chambers	➤ Prop. 218 Hearing on Proposed Increases to Water, Wastewater and Solid Waste Rates
REGULAR CITY COUNCIL MEETING	Tues, June 23, 2015 Afternoon session Council Chambers	➤ Budget Adoption



# Airport Department Recommended Budget Fiscal Year 2016-2017

City Council

May 13, 2015

# Presentation Outline

- Airport Department Overview
- Significant Issues Affecting the Budget
- Budget Balancing Strategy
- FY 2016 Proposed Budget
- Operating Fund Long-Term Forecasts
- FY 2016 Proposed Other Fund Budgets
- Key Performance Objectives

# DEPARTMENT OVERVIEW

# Mission Statement

As the Tri-County region's "Airport of Choice", Santa Barbara Airport will be self-sustaining, exceed expectations for safety and quality service, and meet the air transportation and economic development needs of its customers and partners.

# Enterprise Fund

- FAA Certificated Airport
- Self-supporting no General Fund subsidy
- Revenues from tenant rents and user fees
  - We are in the property management business
- Regulated by FAA and TSA:
  - ARFF
  - Maintenance & Repair
  - Security

# How the Airport is Funded

- We are in the property management business
- Aviation Property
  - Terminal
  - Airfield
  - Aviation facilities (e.g., hangars)
- Tenants
  - Airlines
  - Concessionaires
  - Rental car companies
  - Fixed-based operators

# How the Airport is Funded

- Charges to Airlines
  - Landing fees (for airfield)
    - Based on weight of aircraft and volume
  - Rent (for terminal space)
    - Based on square footage
  - Bridge boarding fees
  - Airline employee parking
- Charges to airlines for rent and landing fees are intended to recover largely fixed costs to maintain terminal and airfield
  - When enplanements go down and/or airlines leave, creates a gap in cost recovery

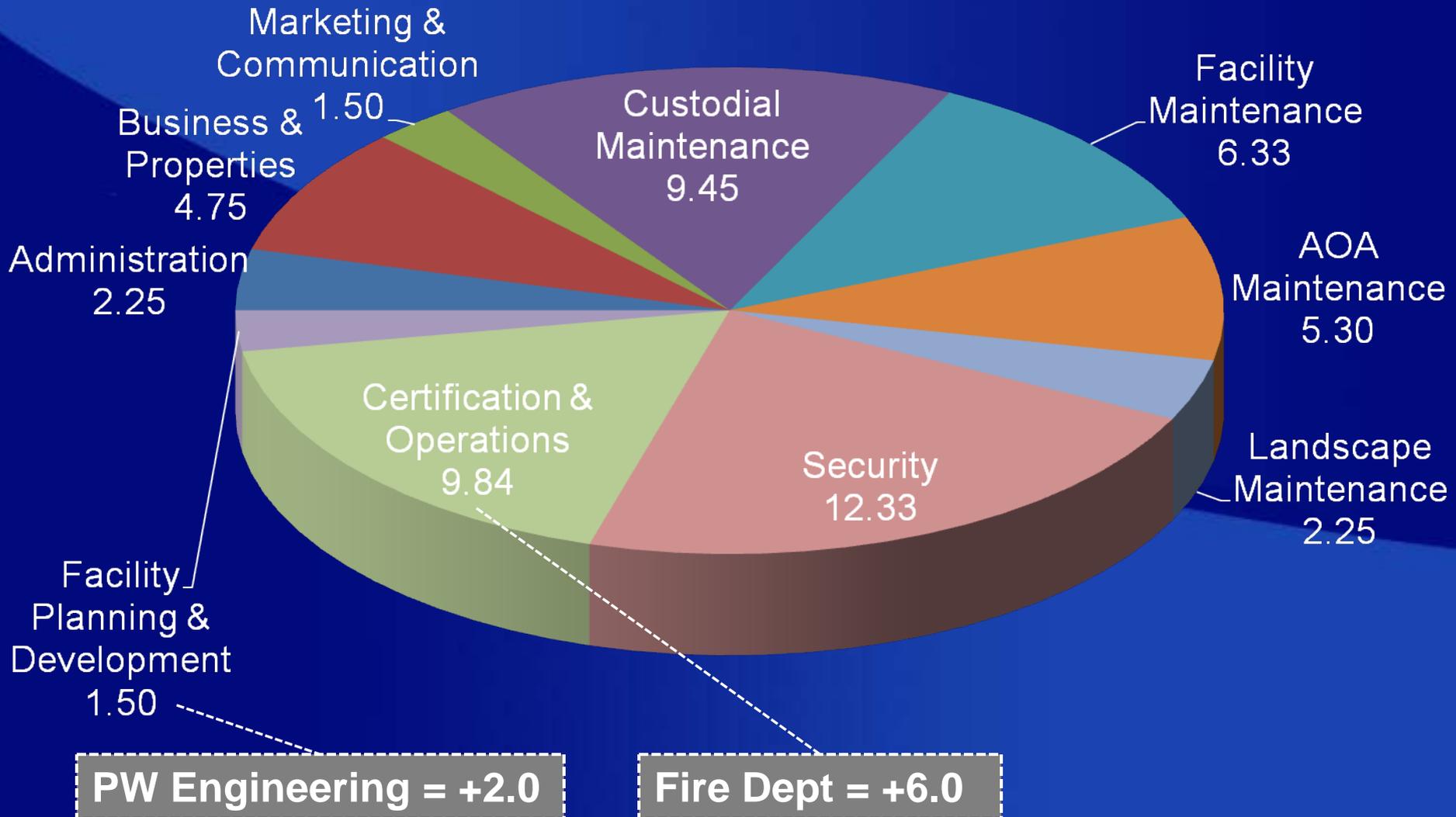
# How the Airport is Funded

- How rental car companies and concessionaires are charged
  - Minimum annual guarantee
  - Percentage of gross revenues whichever is higher
  - When passenger volume decreases, so do revenues

# How the Airport is Funded

- Costs to maintain all aviation facilities are not being fully recovered from rents and fees to tenants
- Costs are subsidized from two primary sources
  - Parking revenues
  - Rental income from commercial/industrial properties (non-aviation)

# Department Staffing – 55.5 FTE



# Proposed Staffing Changes

- Maintenance Superintendent to Maintenance Manager: \$15,616
  - Improved span of control
  - Similar structure to Waterfront
- Admin Analyst I to II: \$12,626
  - Flex position based on duties
- ARFF Staffing (with Fire Dept)
  - 9 firefighters authorized, 6 funded
  - Transition via attrition

# Proposed Organizational Chart

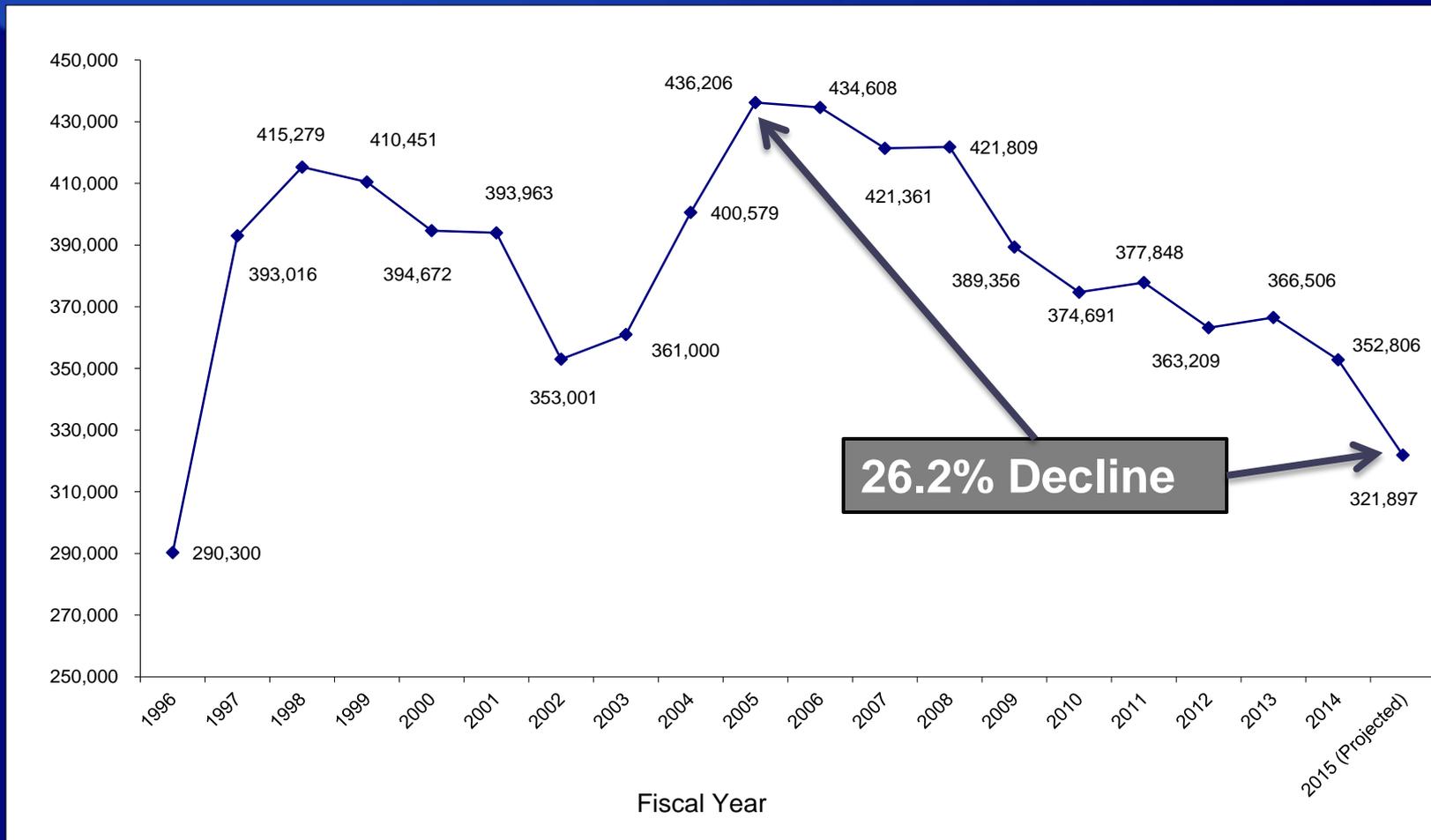


# **SIGNIFICANT ISSUES AFFECTING BUDGET**

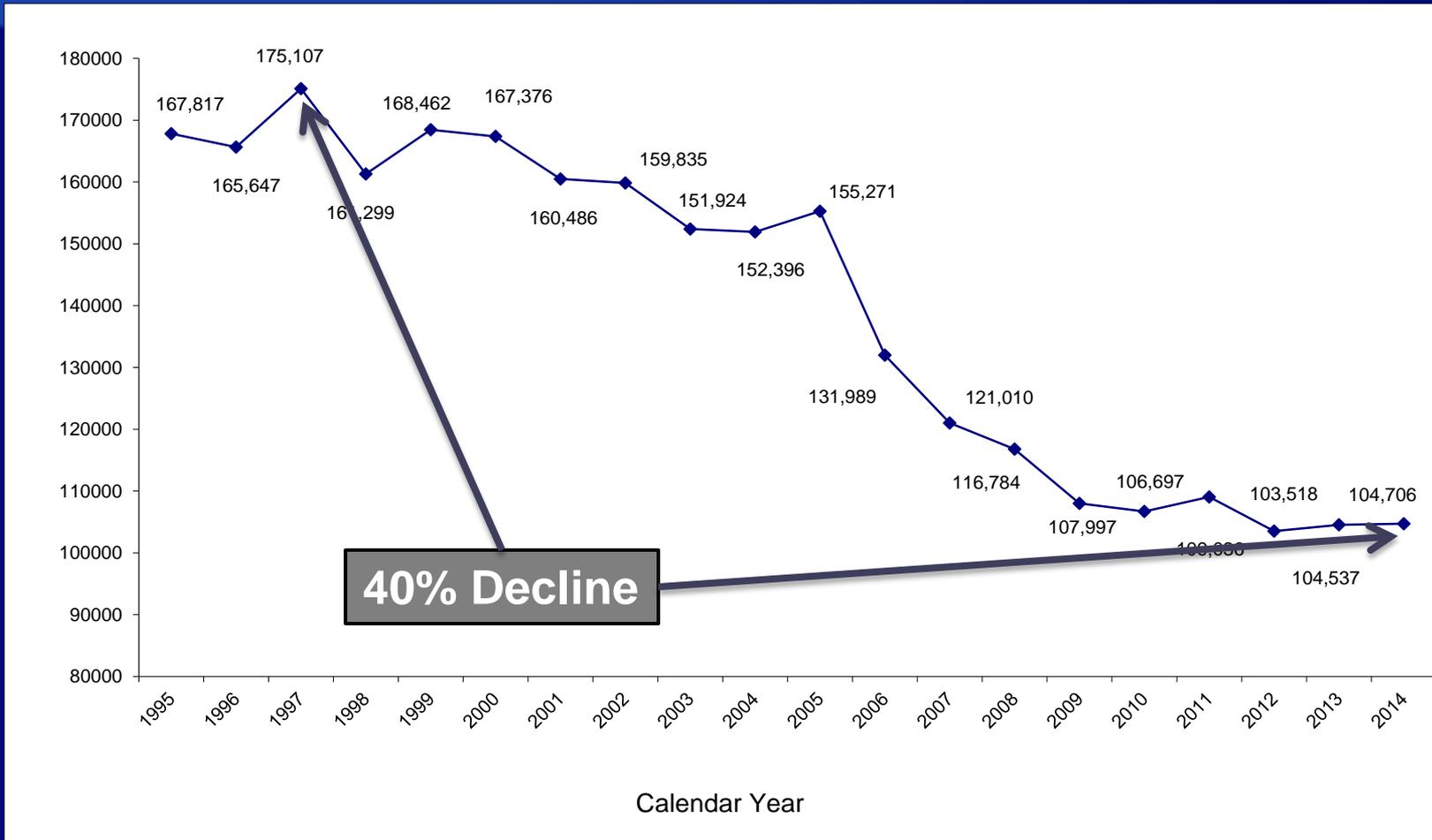
# Airline Industry Trends

- Focus is on profitability
- Fleet transition to larger aircraft
- Pilot shortages, new FAA regulations
- Airline consolidation at large hubs, away from medium and small hubs
- Mergers – 3 major air carriers
- International expansion by carriers

# 20-Year Enplanement History



# Annual Air Traffic Operations



# Airline Service Impacts to Budget

- 26.2% decline in enplanements since 2005
- American Eagle left in April 2014
  - Financial impact ~ \$1 million
- Frontier Airlines left in January 2015
  - Financial impact ~ \$350,000 (FY15)

# BUDGET BALANCING STRATEGY

# Revenue Assumptions

- Based on:
  - Status quo Aviation/Terminal passenger levels
  - Continued stability for General Aviation
  - Maintain Commercial/industrial
  - Increase Airline rates and charges

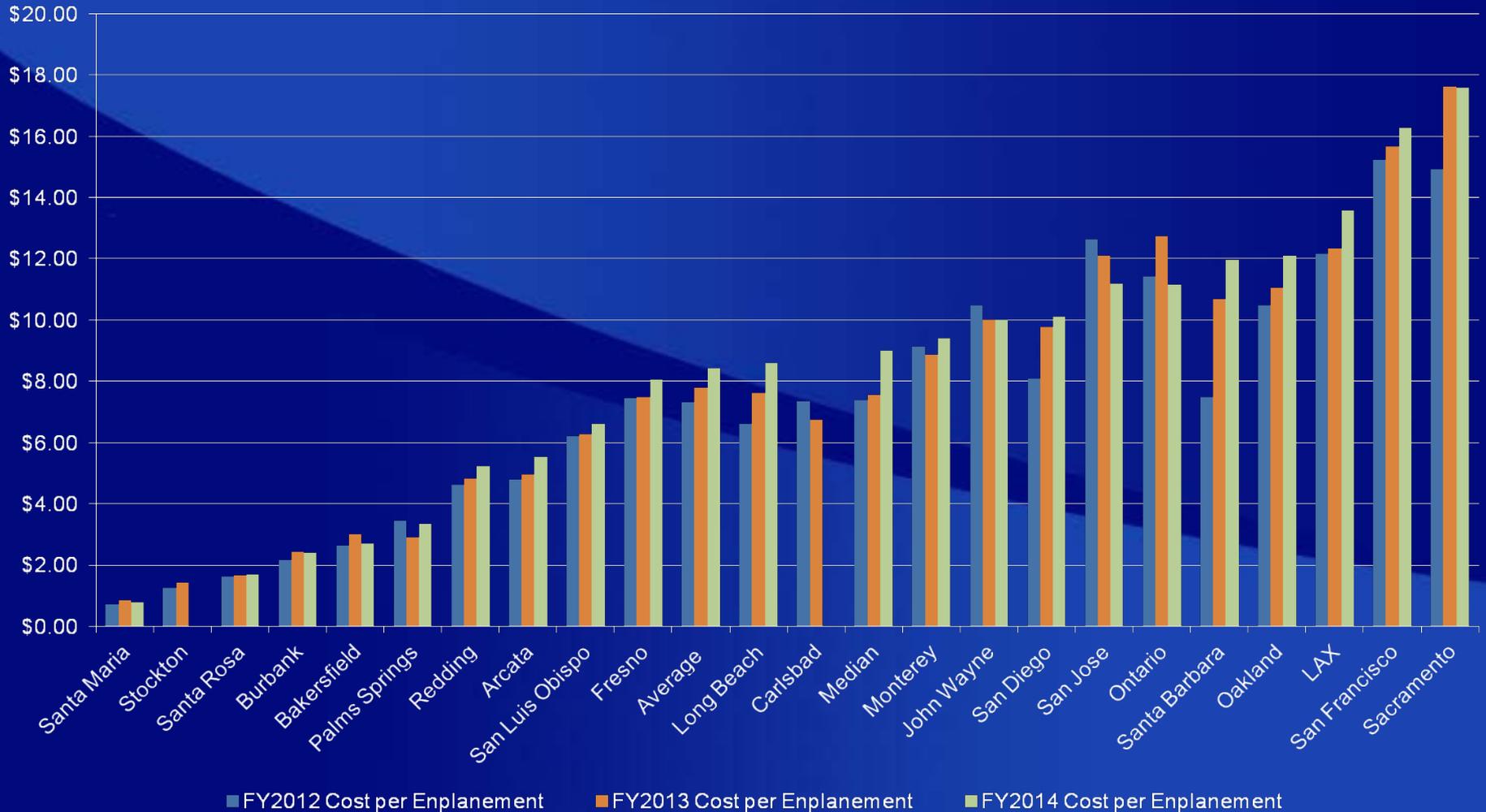
# Budget Balancing Strategy

- FY16 Actions:
  - Increased Airline Rates & Charges

Description	FY 2015	FY 2016	% Change
Annual Terminal Rent (Sqft)	94	99	5%
Landing Fee (per 1,000 lbs. gross landed weight)	3.52	3.70	5%
Boarding Bridge	90	43	-52%

# Airline Cost Per Enplanement

## California Part 139 Certificated Airports



Source: FAA Form 127 Filings by Airport Sponsors

# Expenditure Assumptions

- Based on:
  - Scheduled increases for:
    - Salary & benefits
    - Allocated costs
  - Debt service payments
  - Increase to equipment to purchase paint striper: \$80,000
  - No holiday service for parking shuttle
  - Increased utility rates
  - Decreased ARFF expenditures

# Budget Balancing Strategy

- FY16 Actions:
  - Proposed ARFF change (unfunded positions)
    - Transition via attrition by mid-year FY2016 (\$247,463)
    - Full year savings FY2017 (\$590,597)
    - Based upon consultant study/FAA requirements

# FAA Airport Indexes and Requirements

Measures by Index	Airport Index				
	A	B	C	D	E
Max Aircraft Length (ft.)	<90	90-125	126-158	159-199	>200
Typical Seating	86	170	<b>SBA Index Level</b>		592
# of ARFF Units	1	1 or 2	2 or 3	3	3
Total FF Agents on Units	500 lb. Sodium Dry Chem or 450 lb. potassium Dry Chem & 100 gal. of H2O w/foam	Same as "A" with 1,500 gal. of H2O w/foam	Same as "A" with 3,000 gal. of H2O w/foam	Same as "A" with 4,000 gal. of H2O w/foam	Same as "A" + 6,000 gal. of H2O w/foam
ARFF Staffing	1	1	2	3	3

Source: Citygate Associates, LLC

# Citygate Findings

- Fire Department Meets or exceeds FAA requirements
  - Training
  - Communication programs
  - Emergency planning
  - Interagency procedures
- Current staffing of 1 Fire Captain & 2 Fire Engineers
  - Exceeds FAA Index B service by two firefighters
  - Would exceed Index C by one firefighter
- Minimum daily staffing needs to be two firefighters
  - Given risks and premier status of SB, three firefighters not out of national norm if City can afford

# Citygate Cost Reduction Options

1. General Fund pays third firefighter because of economic and tourism benefits of Airport (\$589,200)
2. Reduce third firefighter position completely (\$589,200)
3. Reduce third firefighter position to core flying hours (\$383,734)

# Citygate Cost Reduction Options

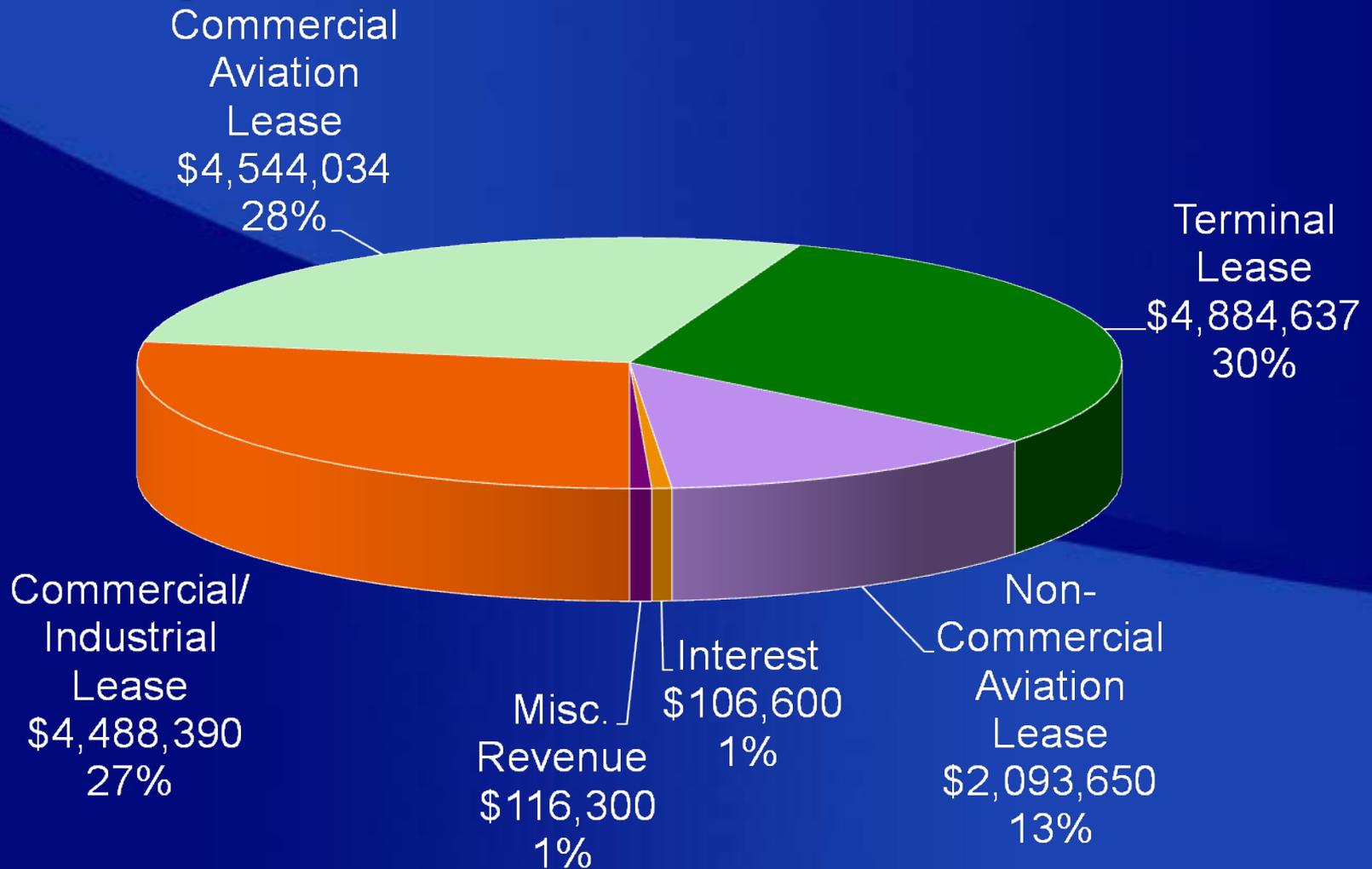
1. General Fund pays third firefighter because of economic and tourism benefits of Airport (\$589,200)  
**Avoid General Fund subsidy**
  2. Reduce third firefighter position completely (\$589,200)
  3. Reduce third firefighter position to core flying hours (\$303,734)  
**Not feasible based on current airline schedule**
- Staff recommendation:
    - Transition via attrition by mid-year FY2016 (\$247,463)
    - Full year savings FY2017 (\$590,597)
    - Evaluate future needs based upon funding availability/increased air service

# FY 2016 PROPOSED BUDGET

# Proposed Revenues- Operating

	<u>FY 2015 Amended</u>	<u>FY 2015 Projected</u>	<u>FY 2016 Recomm'd</u>	<u>Budget Change</u>
Commercial Industrial	4,545,175	4,196,928	4,488,390	(56,785)
Non-Commercial Aviation	1,819,730	1,997,232	2,093,650	273,920
Commercial Aviation	4,218,655	4,446,485	4,544,034	325,379
Terminal	4,607,134	4,800,982	4,884,637	277,503
Interest	121,300	106,700	106,600	(14,700)
Miscellaneous	<u>157,355</u>	<u>250,559</u>	<u>116,300</u>	<u>(41,055)</u>
<b>Total</b>	<u>\$ 15,469,349</u>	<u>\$ 15,798,886</u>	<u>\$ 16,233,611</u>	<u>\$ 764,262</u>

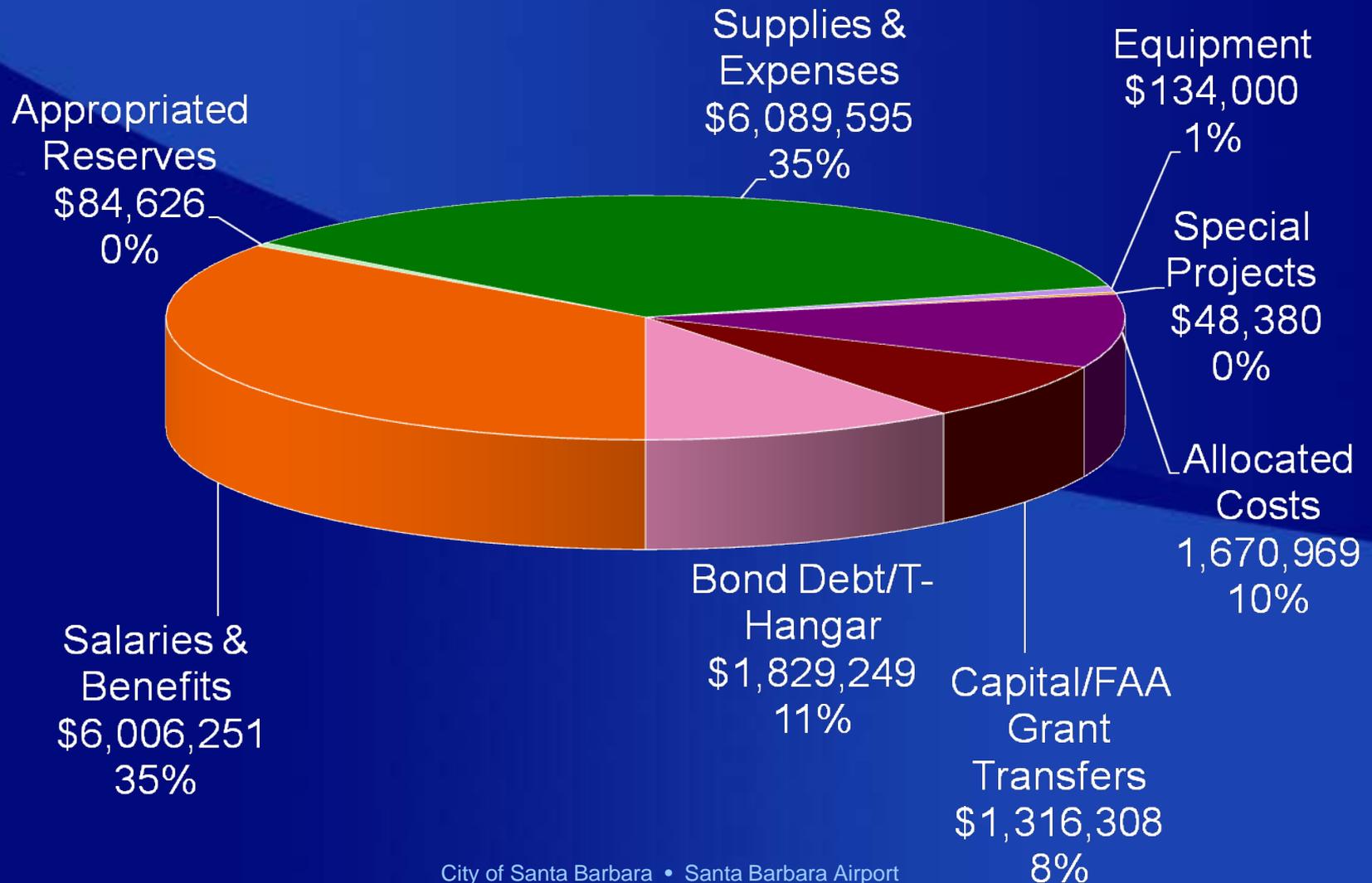
# Airport Operating Revenues Proposed 2016 - \$16,233,611



# Proposed Expenditures- Operating

	<u>FY 2015 Amended</u>	<u>FY 2015 Projected</u>	<u>FY 2016 Recomm'd</u>	<u>Budget Change</u>
Salaries & Benefits	5,723,701	5,372,393	6,006,251	282,550
Supplies & Services	6,511,127	6,321,420	6,089,595	(421,532)
Allocated Costs	1,500,542	1,500,542	1,670,969	170,427
Special Projects	94,926	50,668	48,380	(46,546)
Equipment	96,765	84,179	134,000	37,235
Bond Debt/T-hangar	1,836,072	1,868,219	1,829,248	(6,824)
Appropriated Reserves	22,917	-	84,626	61,709
<b>Subtotal</b>	<u>\$ 15,786,050</u>	<u>\$ 15,197,421</u>	<u>\$ 15,863,069</u>	<u>\$ 77,019</u>
Capital/FAA Transfers	<u>0</u>	<u>308,735</u>	<u>1,316,308</u>	<u>1,316,308</u>
<b>Total</b>	<u><u>\$ 15,786,050</u></u>	<u><u>\$ 15,506,156</u></u>	<u><u>\$ 17,179,377</u></u>	<u><u>\$ 1,393,327</u></u>
Net Gain/(Loss)	\$ (316,701)	\$ 292,730	\$ (945,766)	

# Airport Operating Expenditures Proposed 2016 - \$17,179,377



# Reserves as of July 1, 2014

Reserve Type	Amount
Disaster (15%)	\$2,352,427
Contingency (10%)	\$1,568,285
Capital	\$309,078
Total Required	\$4,229,790
Reserves Above Policy	\$565,159
Total Reserves	\$4,794,949

# FY 2016 Capital Budget

- FAA Airport Improvement Program
  - Grant Match: \$314,370
  - Change Order Authority: \$270,000
  - Airfield Electrical Upgrade, Security Fencing, and Ramp Replacement
- Com/Ind Development: \$375,000
  - Design/permitting for 6100 Hollister Ave.
- Street Maintenance: \$100,000
- AOA Pavement Maintenance: \$50,000

# FY 2016 Capital Budget (cont'd)

- Lessee Building Maintenance
  - 1440 and 1520 Cecil Cook Place exterior façade (Maripro): \$150,000
  - 100 Frederic Lopez Road HVAC replacement (Teledyne Reson): \$80,000
  - 94 Frederic Lopez Road Roof and HVAC replacement (Teledyne Reson/Harley Ogan): \$120,000

# FY 2016 Capital Budget (cont'd)

- Goleta Slough Tidal Restoration:  
\$50,000
  - Mitigation, monitoring, and reporting
  - Coastal permit condition for 2006-2007  
Airfield Safety projects

# OPERATING FUND LONG- TERM FORECASTS

# Non-Commercial Aviation

- Ampersand Hangar Lease
  - 50-year lease expires May 9, 2018
  - Improvements revert to City/Airport
  - Currently has a 34% vacancy rate
  - Net increase of \$1.5 million in FY 2019



# Light Industrial Development

- Direct Relief Purchase
  - Close of Escrow Spring-Summer 2016
  - Loss of \$250-275,000 rental revenue
  - Roadway Construction
  - Light Industrial Development

# Commercial/Industrial Revenue

- Commercial/Industrial Development
  - Airport Specific Plan
  - Initial 25-30,000 s.f. phased development
  - Construction upon executed lease
  - First occupied September 2016

# Commercial/Industrial Development Assumptions

- 600,000 in FY 2019
  - 50/50 split between development and operating fund
- Operating Fund
  - Offset loss of \$250-275,000
- Development fund
  - New building every 5-10 years

# Cashflow with ARFF Adjusted

	<b>FY 2016 Prop</b>	<b>FY 2017 Prop</b>	<b>FY 2018 Forecast</b>	<b>FY 2019 Forecast</b>	<b>FY 2020 Forecast</b>
<b>REVENUES</b>					
Comm Aviation	\$ 4,544,034	\$ 4,742,211	\$ 4,854,892	\$ 4,970,545	\$ 5,089,250
Comm/Industrial	\$ 4,488,390	\$ 4,409,309	\$ 4,700,645	\$ 4,898,564	\$ 5,044,646
Non-Comm Aviation	\$ 2,093,650	\$ 2,149,400	\$ 2,398,291	\$ 3,714,503	\$ 3,801,659
Terminal	\$ 4,884,637	\$ 4,911,328	\$ 4,994,292	\$ 5,077,658	\$ 5,162,482
Other	\$ 222,900	\$ 944,402	\$ 189,823	\$ 189,247	\$ 197,651
<b>Subtotal</b>	<b>\$ 16,233,611</b>	<b>\$ 17,156,650</b>	<b>\$ 17,137,943</b>	<b>\$ 18,850,517</b>	<b>\$ 19,295,688</b>
<b>EXPENDITURES</b>					
Salaries & Benefits	\$ 6,006,251	\$ 6,322,942	\$ 6,575,860	\$ 6,838,894	\$ 7,112,450
Supplies & Services	4,199,719	4,243,922	4,336,134	4,430,504	4,527,057
ARFF	1,889,876	1,632,937	1,698,253	1,766,184	1,836,831
Allocated Costs	1,670,969	1,746,711	1,801,184	1,855,219	1,910,876
Special Projects	48,380	49,831	51,326	52,866	54,452
Equipment	134,000	59,475	58,000	58,000	58,000
Bond Debt	1,829,249	1,825,757	1,818,718	1,818,719	1,816,719
Approp Reserves	84,626	83,898	85,690	94,253	96,478
<b>Subtotal</b>	<b>\$ 15,863,070</b>	<b>\$ 15,965,473</b>	<b>\$ 16,425,165</b>	<b>\$ 16,914,639</b>	<b>\$ 17,412,863</b>
<b>Operating Gain/(Loss)</b>	<b>\$ 370,541</b>	<b>\$ 1,191,177</b>	<b>\$ 712,778</b>	<b>\$ 1,935,878</b>	<b>\$ 1,882,825</b>
Capital/FAA Transfers	1,316,308	752,180	811,520	1,397,840	1,646,774
<b>TOTAL GAIN/(LOSS)</b>	<b>\$ (945,767)</b>	<b>\$ 438,997</b>	<b>\$ (98,742)</b>	<b>\$ 538,038</b>	<b>\$ 236,051</b>

# Cashflow with ARFF Adjusted

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Non-Comm Aviation	\$ 2,093,650	\$ 2,149,400	\$ 2,398,291	\$ 3,714,503	\$ 3,801,659
Terminal	\$ 4,884,637	\$ 4,911,328	\$ 4,994,292	\$ 5,077,658	\$ 5,162,482
Other	\$ 222,900	\$ 944,402	\$ 189,828	\$ 189,247	\$ 197,651
<b>Subtotal</b>	<b>\$ 16,233,611</b>	<b>\$ 17,156,650</b>	<b>\$ 17,137,043</b>	<b>\$ 18,850,517</b>	<b>\$ 19,295,688</b>
<b>EXPENDITURES</b>					
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Equipment	134,000	59,475	58,000	58,000	58,000
Bond Debt	1,829,249	1,825,757	1,825,757	1,825,757	1,816,719
Approp Reserves	84,626	83,898	83,898	83,898	96,478
<b>Subtotal</b>	<b>\$ 15,863,070</b>	<b>\$ 15,965,473</b>	<b>\$ 16,475,493</b>	<b>\$ 17,045,316</b>	<b>\$ 17,412,863</b>
<b>Operating Gain/(Loss)</b>	<b>\$ 370,541</b>	<b>\$ 1,191,177</b>	<b>\$ 712,778</b>	<b>\$ 1,935,878</b>	<b>\$ 1,882,825</b>
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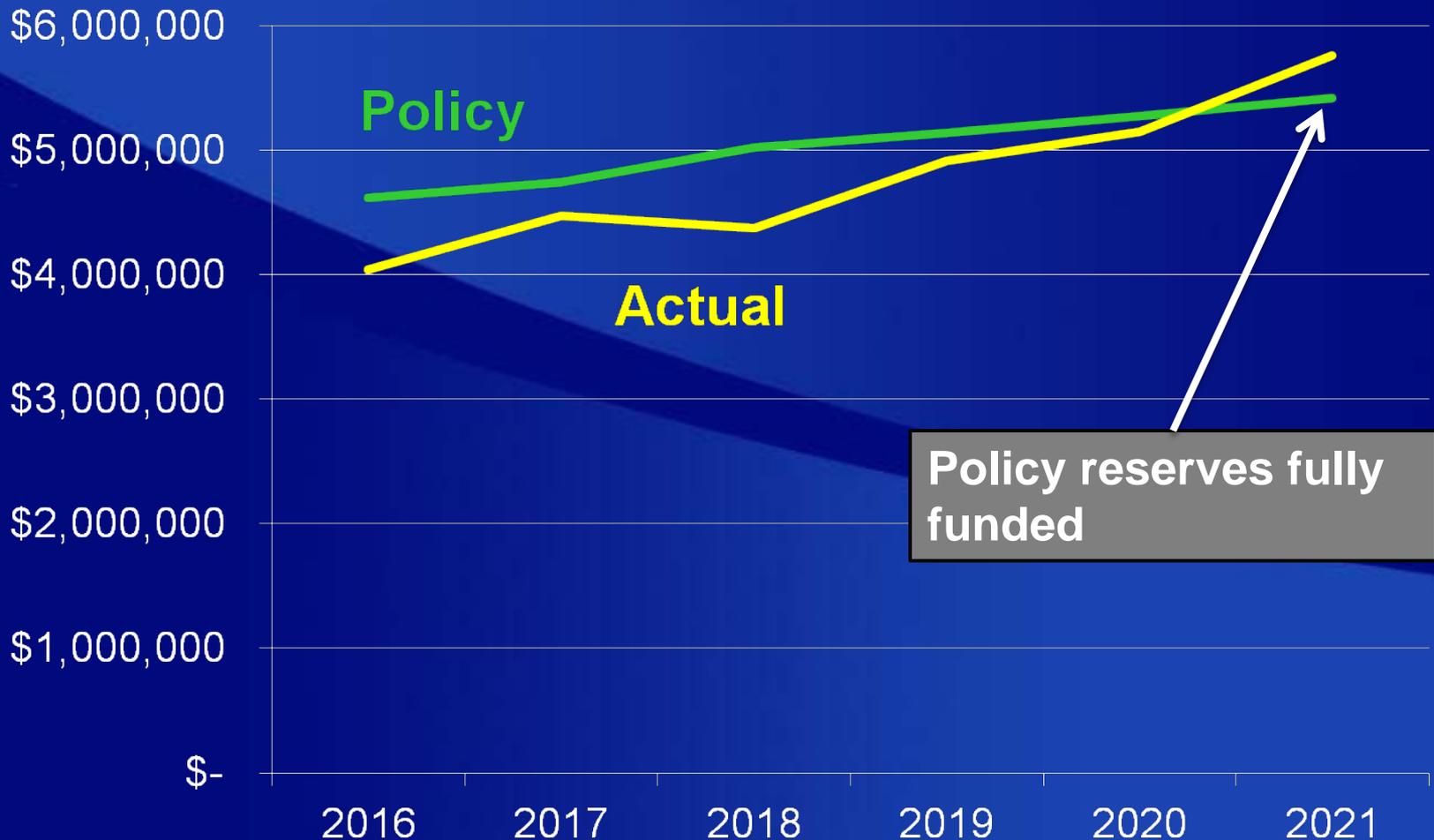
Differences from FY 2017 Proposed

Differences from Finance Committee presentation 4/28/15

# Cashflow with ARFF Adjusted

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<b>EXPENDITURES</b>					
<b>Revenue Enhancements</b>					
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# Projected Reserves with ARFF Adjusted



# Cashflow with No ARFF Adjustment

	<b>FY 2016 Prop</b>	<b>FY 2017 Prop</b>	<b>FY 2018 Forecast</b>	<b>FY 2019 Forecast</b>	<b>FY 2020 Forecast</b>
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Other	\$ 222,900	\$ 944,402	\$ 189,823	\$ 189,247	\$ 197,651
<b>Subtotal</b>	<b>\$ 16,233,611</b>	<b>\$ 17,156,650</b>	<b>\$ 17,137,943</b>	<b>\$ 18,850,517</b>	<b>\$ 19,295,688</b>
<b>EXPENDITURES</b>					
Salaries & Benefits	\$ 6,006,250	\$ 6,322,942	\$ 6,575,860	\$ 6,838,894	\$ 7,112,450
Supplies & Services	4,199,719	4,243,922	4,336,144	4,430,504	4,527,057
ARFF	2,137,339	2,223,533	2,312,474	2,404,973	2,501,172
Allocated Costs	1,670,969	1,748,722	1,801,184	1,855,219	1,910,876
Special Projects	48,380	49,831	51,326	52,866	54,452
Equipment	134,000	59,475	58,000	58,000	58,000
Bond Debt	1,829,249	1,825,757	1,818,718	1,818,719	1,816,719
Approp Reserves	84,626	85,783	85,690	94,253	96,478
<b>Subtotal</b>	<b>\$ 16,110,532</b>	<b>\$ 16,559,965</b>	<b>\$ 17,039,396</b>	<b>\$ 17,553,428</b>	<b>\$ 18,077,204</b>
<b>Operating Gain/(Loss)</b>	<b>\$ 123,079</b>	<b>\$ 596,685</b>	<b>\$ 98,547</b>	<b>\$ 1,297,089</b>	<b>\$ 1,218,484</b>
Capital/FAA Transfers	1,316,308	752,180	811,520	1,397,840	1,646,774
<b>TOTAL GAIN/(LOSS)</b>	<b>\$ (1,193,229)</b>	<b>\$ (155,495)</b>	<b>\$ (712,973)</b>	<b>\$ (100,751)</b>	<b>\$ (428,290)</b>

# Cashflow with No ARFF Adjustment

	<u>FY 2016 Prop</u>	<u>FY 2017 Prop</u>	<u>FY 2018 Forecast</u>	<u>FY 2019 Forecast</u>	<u>FY 2020 Forecast</u>
<b>REVENUES</b>					
Comm Aviation	\$ 4,544,034	\$ 4,742,211	\$ 4,854,892	\$ 4,970,545	\$ 5,089,250
Comm/Industrial	\$ 4,488,390	\$ 4,409,309	\$ 4,700,645	\$ 4,898,564	\$ 5,044,646
Non-Comm Aviation	\$ 2,093,650	\$ 2,149,400	\$ 2,398,291	\$ 3,714,503	\$ 3,801,659
Terminal	\$ 4,884,637	\$ 4,911,328	\$ 4,994,292	\$ 5,077,658	\$ 5,162,482
Other	\$ 222,900	\$ 944,402	\$ 189,828	\$ 189,247	\$ 197,651
<b>Subtotal</b>	<b>\$ 16,233,611</b>	<b>\$ 17,156,650</b>	<b>\$ 17,137,948</b>	<b>\$ 18,850,517</b>	<b>\$ 19,295,688</b>
<b>EXPENDITURES</b>					
Salaries & Benefits	\$ 6,006,250	\$ 6,322,942	\$ 6,322,942	\$ 7,112,450	\$ 7,112,450
Supplies & Services	4,199,719	4,243,922	4,330,144	4,430,504	4,527,057
ARFF	2,137,339	2,223,533	2,312,474	2,404,973	2,501,172
Allocated Costs	1,670,969	1,748,722	1,801,184	1,855,219	1,910,876
Special Projects	48,380	49,831	51,326	52,866	54,452
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<b>Subtotal</b>	<b>\$ 16,110,532</b>	<b>\$ 16,550,965</b>	<b>\$ 16,550,965</b>	<b>\$ 18,077,204</b>	<b>\$ 18,077,204</b>
<b>Operating Gain/(Loss)</b>	<b>\$ 123,079</b>	<b>\$ 596,685</b>	<b>\$ 98,547</b>	<b>\$ 1,297,089</b>	<b>\$ 1,218,484</b>
Capital/FAA Transfers	1,316,308	752,180	811,520	1,397,840	1,646,774
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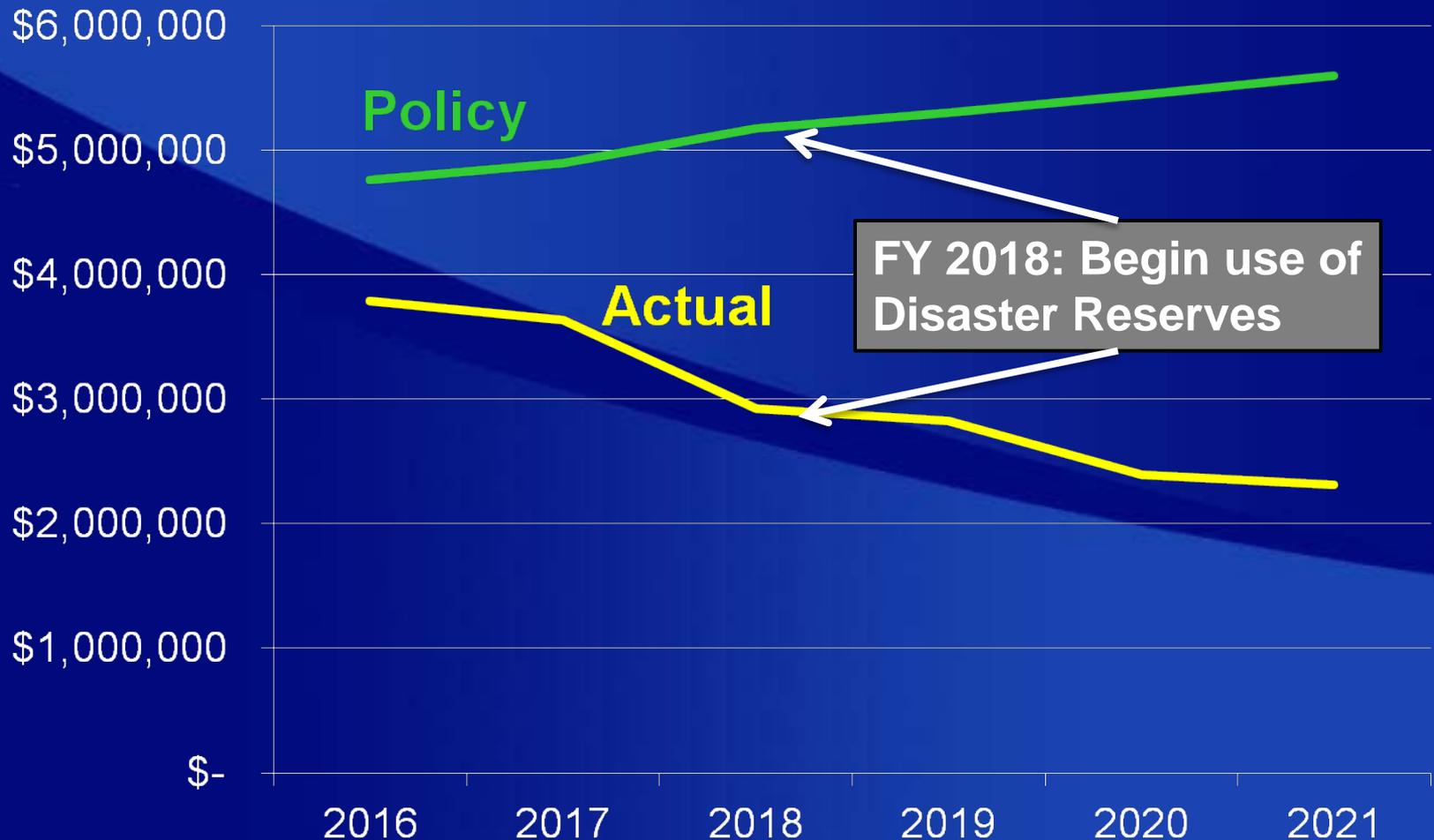
**Difference from FY 2016/2017 Proposed**

**Differences from Finance Committee presentation 4/28/15**

# Cashflow with No ARFF Adjustment

	<b>FY 2016 Prop</b>	<b>FY 2017 Prop</b>	<b>FY 2018 Forecast</b>	<b>FY 2019 Forecast</b>	<b>FY 2020 Forecast</b>
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<b>EXPENDITURES</b>					
<b>Revenue Enhancements</b>					
Salaries & Benefits	\$ 6,006,250	\$ 6,322,942	\$ 6,575,860	\$ 6,838,894	\$ 7,112,450
Supplies & Services	4,199,719	4,243,922	4,336,144	4,430,504	4,527,057
ARFF	2,137,339	2,223,533	2,312,474	2,404,973	2,501,172
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<b>Operating Gain/(Loss)</b>	<b>\$ 123,079</b>	<b>\$ 596,685</b>	<b>\$ 98,547</b>	<b>\$ 1,297,089</b>	<b>\$ 1,218,484</b>
Capital/FAA Transfers	1,316,308	752,180	811,520	1,397,840	1,646,774
<b>TOTAL GAIN/(LOSS)</b>	<b>\$ (1,193,229)</b>	<b>\$ (155,495)</b>	<b>\$ (712,973)</b>	<b>\$ (100,751)</b>	<b>\$ (428,290)</b>

# Projected Reserves with No ARFF Adjustment



# FY 2016 Budget Shortfall

- To fully fund reserves by FY 2021:
  - \$300,000 in FY 2016
  - \$600,000 ongoing FY 2017 – FY 2021
- Options:
  1. Transition 3 Fire positions (\$600,000)
  2. Airport
    - Reduce Airport Capital program (\$100,000 Street Maintenance)
    - Eliminate/freeze 4-5 Airport positions (\$300,000)
    - Increase revenue south of Hollister (\$150,000)

# **FY 2016 PROPOSED BUDGETS FOR OTHER FUNDS**

# Passenger Facility Charge Fund

- User fee- \$4.50 per enplanement
  - Collected by airlines
  - Remitted to airport
  - Possible congressional action to raise cap to \$8.50, index to inflation
- Dedicated to Terminal Bond debt
  - \$1.3 million annually through 2039
  - Balanced budget FY 2016

# Customer Facility Charge Fund

- User fee- \$10 per rental car contract
  - Collected by rental car companies
  - Remitted to airport
- Debt repayment for Quick Turnaround Facility (QTA)
  - \$460,000 annually
  - \$350,000 surplus FY 2016
  - Pay down City-owned debt

# T-Hangar Fund

- Revenue from T-hangar rentals
- Debt repayment for construction
  - \$219,000 annually
  - \$12,500 subsidy from Operating Fund FY 2016
  - Operating fund subsidy ends FY 2019
  - 17-year state DOT loan concludes 2024

# KEY PERFORMANCE OBJECTIVES

# Key Performance Objectives

- Administration
  - Prepare legal documents for sale of property at 6100 Hollister Ave.
- Business & Property
  - Evaluate and adjust methodology for annual utility rates and charges for commercial and industrial tenants
- Marketing & Communications
  - Advertise and promote Thanks Again Program to engage passengers in the tri-county area

# Key Performance Objectives

- Facilities Maintenance
  - Complete repairs to restaurant facility at 521 Firestone Road by January 2016
- Air Operations Area Maintenance
  - Develop airfield safety training program for Maintenance staff

# Key Performance Objectives

- Security
  - Revise Security Notice of Violation form
- Certification and Operations
  - Develop and conduct three training sessions for Terminal employees on building emergency plan procedures
- Facilities Planning & Development
  - Adopt Airport Master Plan by December 2015

# Airport Commission

- On April 15, 2015, Airport Commission recommended approval of the Airport Department's FY 2016 - 2017 Budget



# **WATERFRONT DEPARTMENT**

## *Recommended Budget for Fiscal Year 2016 and 2017*

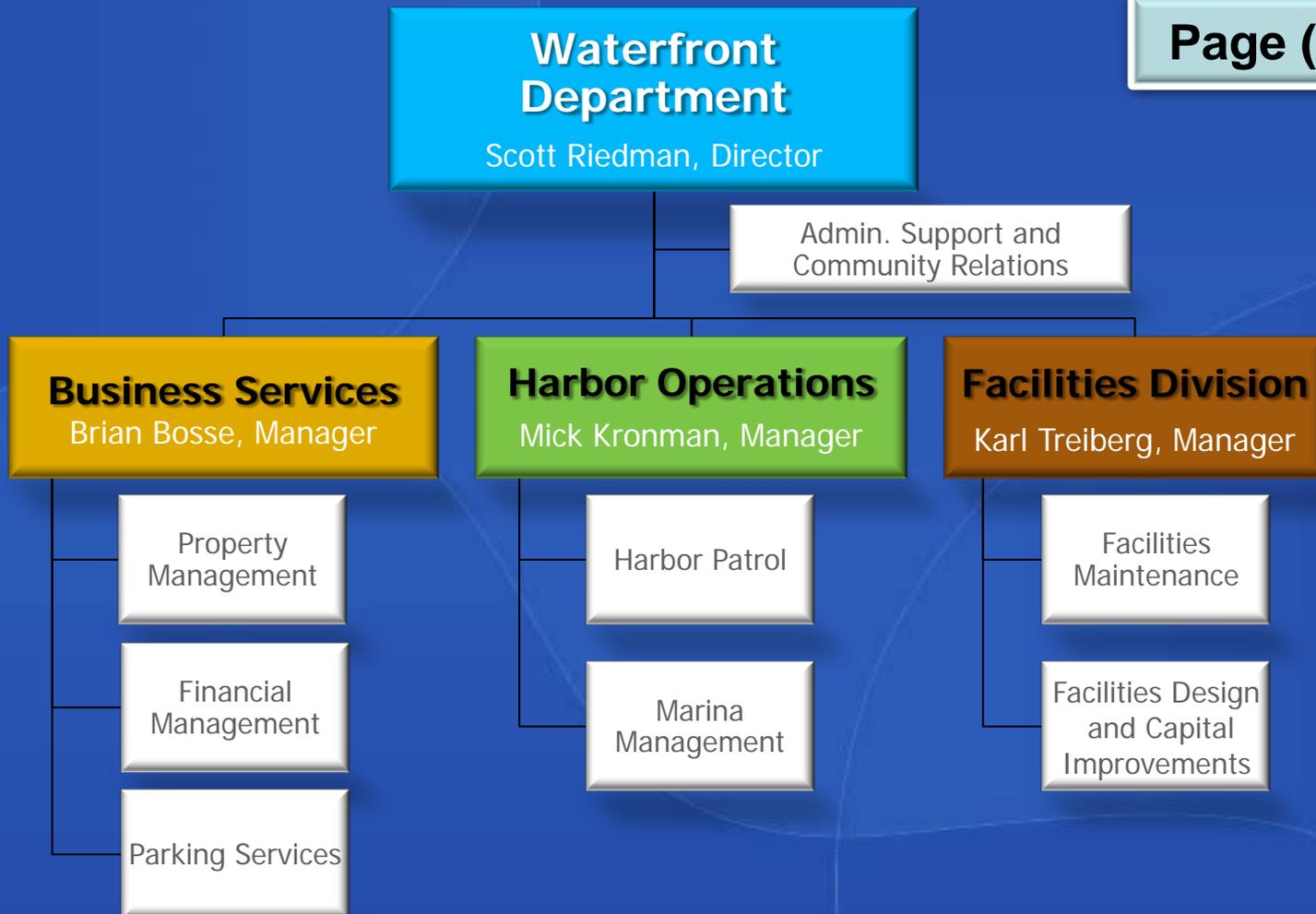


City Council Presentation  
May 13, 2015

# WATERFRONT DEPARTMENT

## Organizational Chart

Page (H-439)



# DEPARTMENT OVERVIEW

*46 Full-Time Employees; 9 Programs*

## ◆ Permanent Staff

■ Managers	4
■ Supervisors	5
■ Harbor Patrol Officers	10
■ General Employees	27

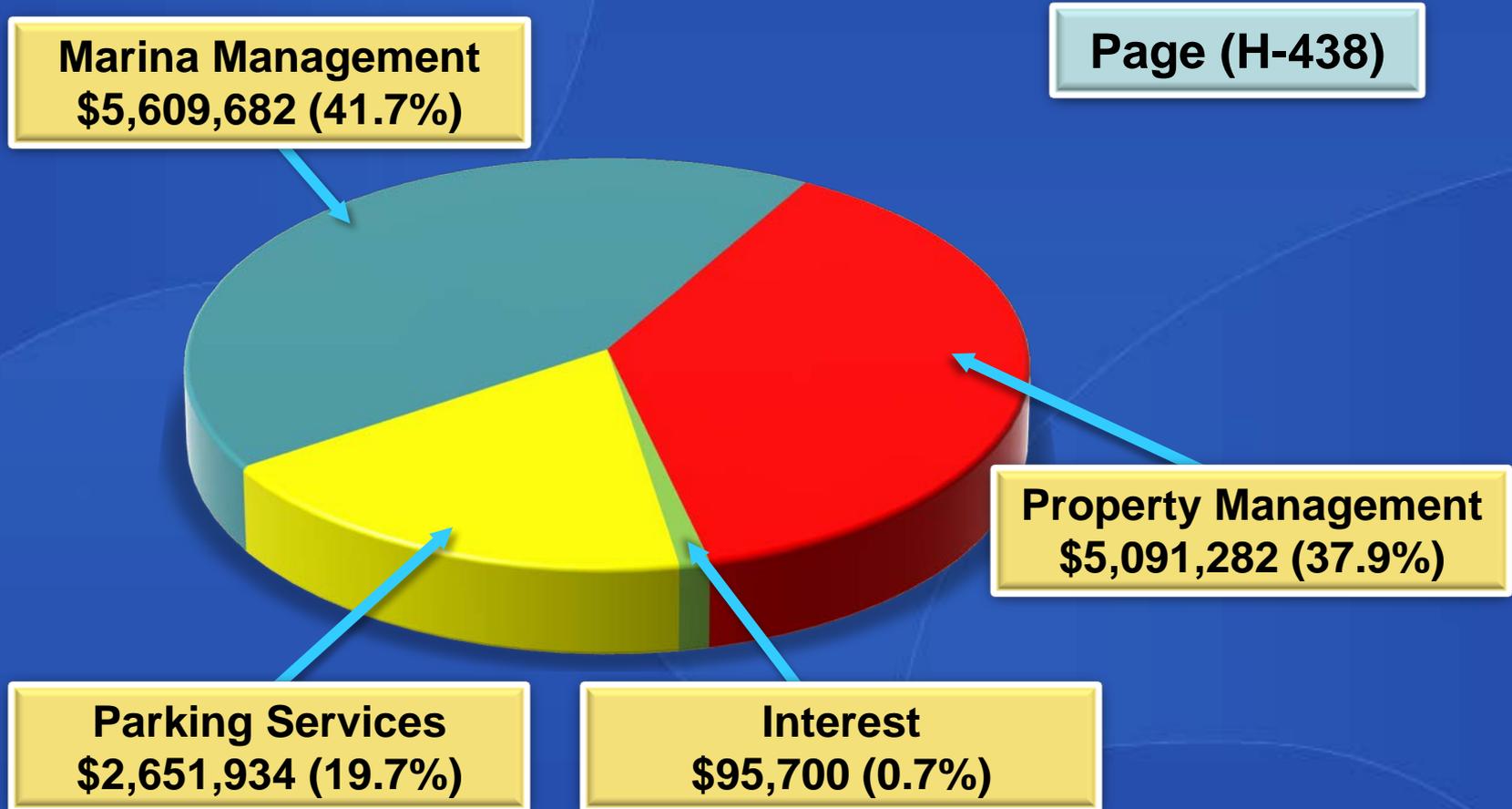
## ◆ No Permanent Staffing Increase in 13 Years

## ◆ Hourly Employees

- Harbor Patrol, Facilities and Parking Services

# WATERFRONT REVENUE

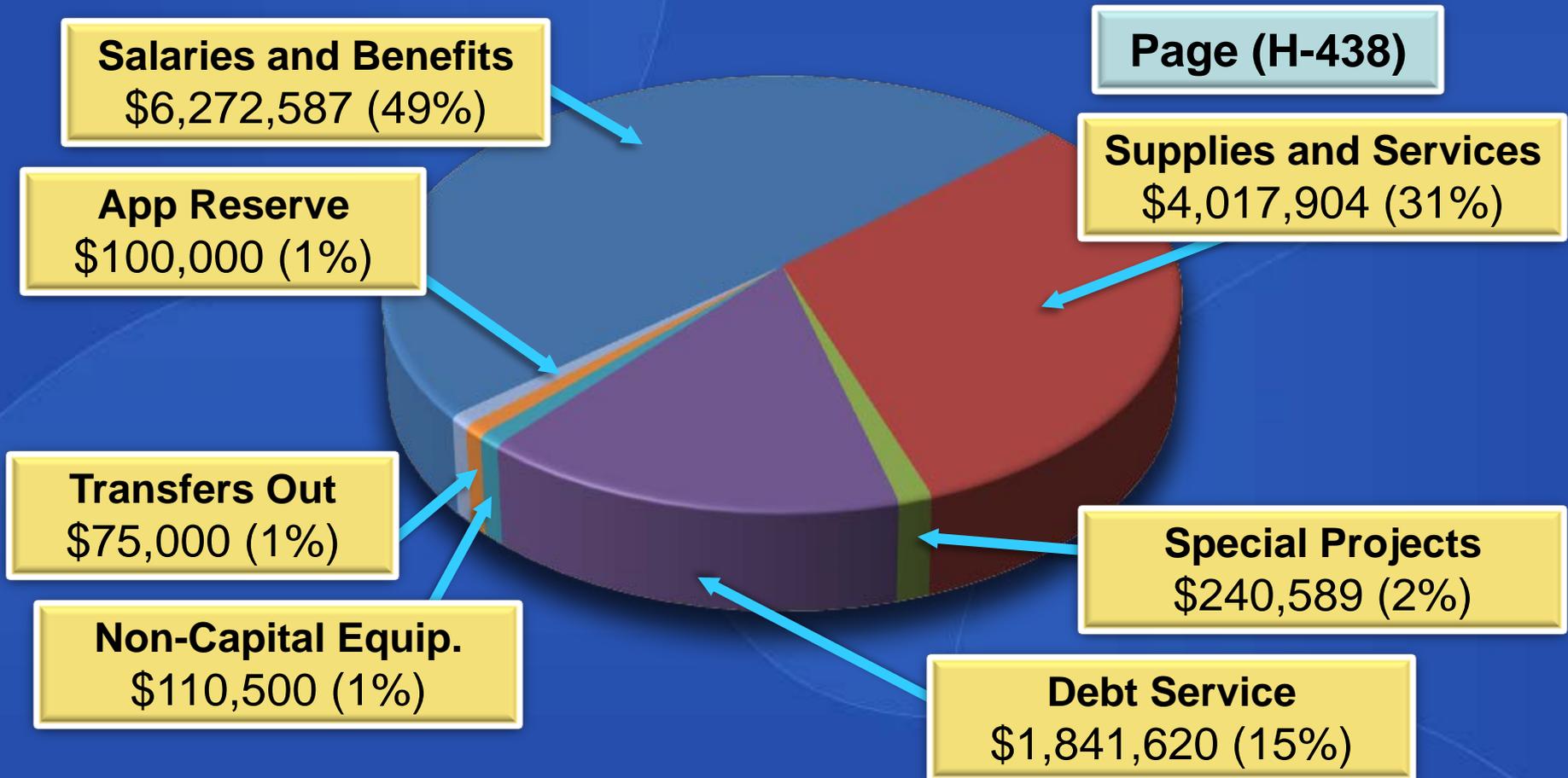
FY '16 Budgeted Revenue: \$13,448,598 (6% increase)



# WATERFRONT EXPENDITURES

## *by Program*

FY '16 Operating Expenditures: \$12,658,200 (2.8% increase)



# WATERFRONT BUDGET

## *Program Activities & Highlights*

### ◆ **Administrative Support/Community Relations**

- Continue to provide information to the public about the department and our community events (Harbor & Seafood Festival, July 4th, and Parade of Lights). **Page H-440**

### ◆ **Property Management**

- Continue to ensure tenants receive the services entitled under their leases and public receives a high level of service. **Page H-442**

# WATERFRONT BUDGET

## *Program Activities & Highlights*

### ◆ **Parking Services**

- Maintain an annual operating expense of not more than 40% of revenue collected. **P3, Page H-447**

### ◆ **Marina Management**

- Coordinate Waterfront events including July 4<sup>th</sup>, Harbor & Seafood Festival, and Parade of Lights. **Page H-454**

### ◆ **Facilities Design and Capital**

- Work with Corps of Engineer's Channel Dredging Program to ensure safe boat travel in and out of the Harbor. **Page H-458**

# WATERFRONT BUDGET

## *Program Activities & Highlights*

### Cruise Ships

		<u>Rev/Exp</u>
◆ Number of Visits:	14	
◆ Gross Revenue:		\$225,840
◆ MTD Booster Shuttle Fees:		-\$50,919
◆ MTD Waterfront Shuttle Fees:		-\$38,472
◆ Public Works Fees:		- \$3,579
◆ Miscellaneous Fees:		<u>- \$5,500</u>
◆ Estimated Net Revenue:		\$127,370

# **WATERFRONT DEPARTMENT**

## *Capital Improvement Program*

- ◆ **FY '16 Capital Funding Total \$2,979,850**
- ◆ **Significant Capital Projects**
  - Parking Services \$200,000 for an expansion of the Luke Pay-And-Display Parking System and Kiosk Replacement
  - Sea Landing Gangway ADA Improvements \$125,000
  - FY 2016 Marina 1 Replacement \$1,689,846 for Phase 6 - “H” and “I” Fingers

**Page (E-38 to E-40)**

# Sea Landing Walkway Before



# Sea Landing Walkway After



# Fiscal Year 2016 Proposed Fee Adjustments

- **Slip Rental Fee:** 2% Increase
- **Parking Permit Fee:** \$5 increase to \$100 & \$5 increase to \$75
- **Visitor Fee:** \$0.10 increase to \$1/foot per night
- **Slip Transfer Fee:** \$25 / Foot Increase\*

\*Harbor Commission to consider on 5/21 due to lack of quorum at 3/19 meeting

# Recommended FY 2016 Slip Fee Adjustments

Slip Length	Change Per Foot	Change Per Month
20	\$0.17	\$3.37
25	\$0.18	\$4.42
30	\$0.19	\$5.55
35	\$0.19	\$6.76
40	\$0.20	\$8.04
45	\$0.21	\$9.43
50	\$0.22	\$10.85
60	\$0.24	\$14.15

# Slip Fee Comparison

Marina	30'	40'	50'	60'	Occupancy
Santa Barbara	\$278	\$402	\$543	\$707	100%
Ventura Isle*	\$393	\$622	\$844	\$1,074	61%
Anacapa Isle*	\$439	\$588	\$943	\$1,203	48%
Bahia Cabrillo*	\$433	\$654	\$886	\$1,130	58%
LB Shoreline	\$414	\$654	\$881	\$1,134	80%

# **WATERFRONT DEPARTMENT**

## *Harbor Commission Recommendation*

**Moved to forward a recommendation to City Council for approval of the Waterfront Department's Proposed FY 2016 and 2017 Budget**



# **WATERFRONT DEPARTMENT**

## *Recommended Budget for Fiscal Year 2016 and 2017*



City Council Presentation  
May 13, 2015

**THE END**



# Proposed Fiscal Year 2017 Fee Adjustments

- **Slip Rental Fee:**            **2% Increase**
  
- **Slip Transfer Fee:**        **\$25 / Foot Increase  
to \$425 / Foot\***
  
- \* Does Not Include 20' or 25'-Foot Slips

# Slip Transfer Fee Revenues



# Cruise Ships

- ◆ Waterfront staff have met with cruise ship representatives, Coast Guard, yacht club officials, and others
- ◆ Developed primary and secondary anchoring points
- ◆ Three Wednesday cruise ships in fall
- ◆ Past four seasons have included 15 Wednesday visits

# Debt Service Obligations

- C.O.P. / Bond \$12,334,391
  - 3.53% / 15 years 13 years remaining
- General Fund Loan \$ 1,046,184
  - 6% / 20 years 15 years remaining
- General Fund Loan \$ 1,503,340
  - 1.2% / 19 years 11 years remaining
- DBW Loan \$ 7,890,830
  - 4.5% / 30 years 28 years remaining



# SOLID WASTE FUND

*Recommended Budget for Fiscal Year 2016*



**City Council Presentation**  
**May 13, 2015**

# ES DIVISION OVERVIEW

## Key Responsibilities

- ◆ Negotiate and manage the franchise with MarBorg to ensure service value
- ◆ Assist residents and businesses to understand and fully utilize City solid waste services
- ◆ Devise and execute community education campaigns that promote diversion and a clean community.
- ◆ Plan for the City's future solid waste needs

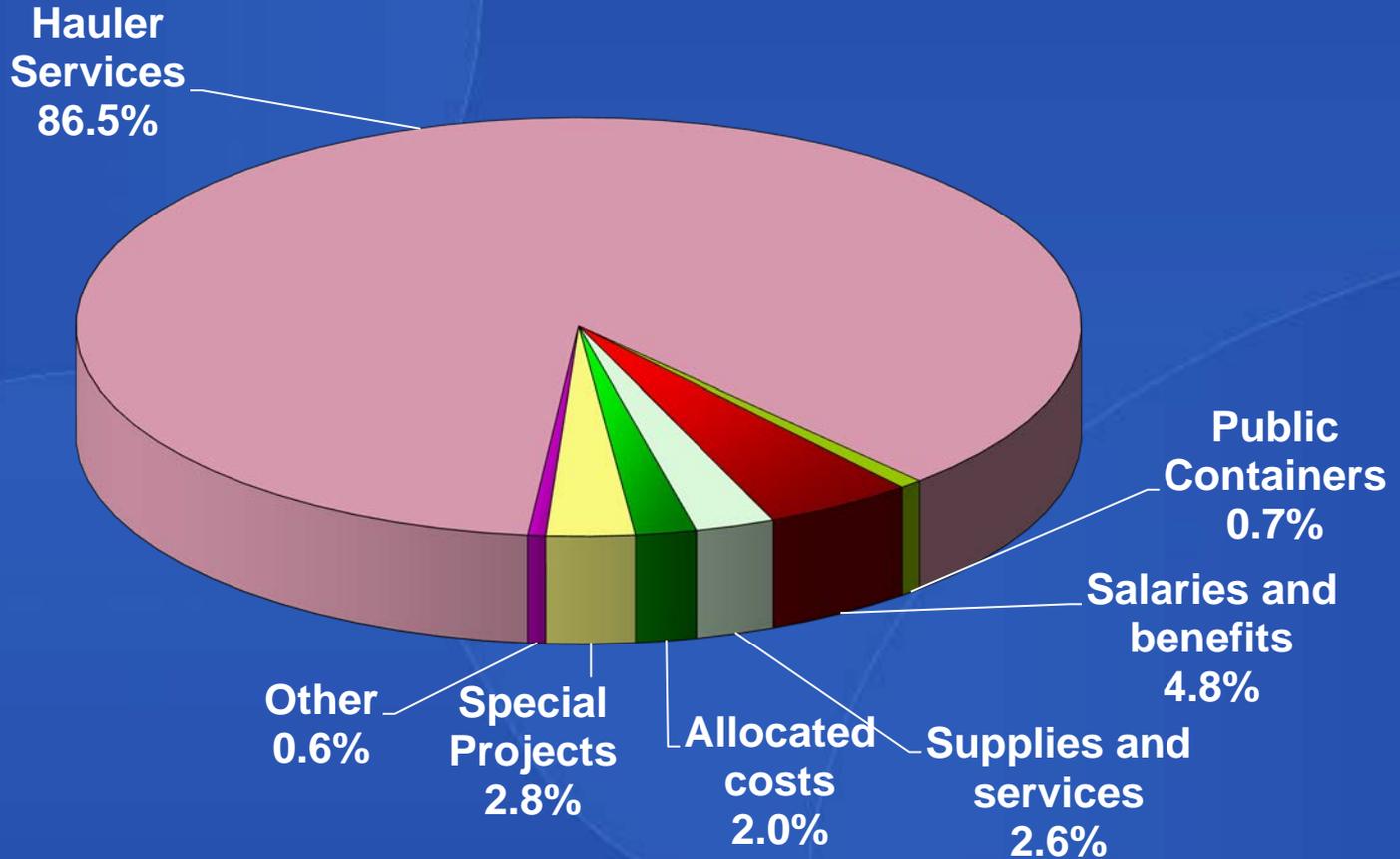
# ES DIVISION OVERVIEW

## Staffing



# SOLID WASTE FUND

## Appropriations by Major Object



*FY 2016 Solid Waste Fund Budget – \$20,872,156*

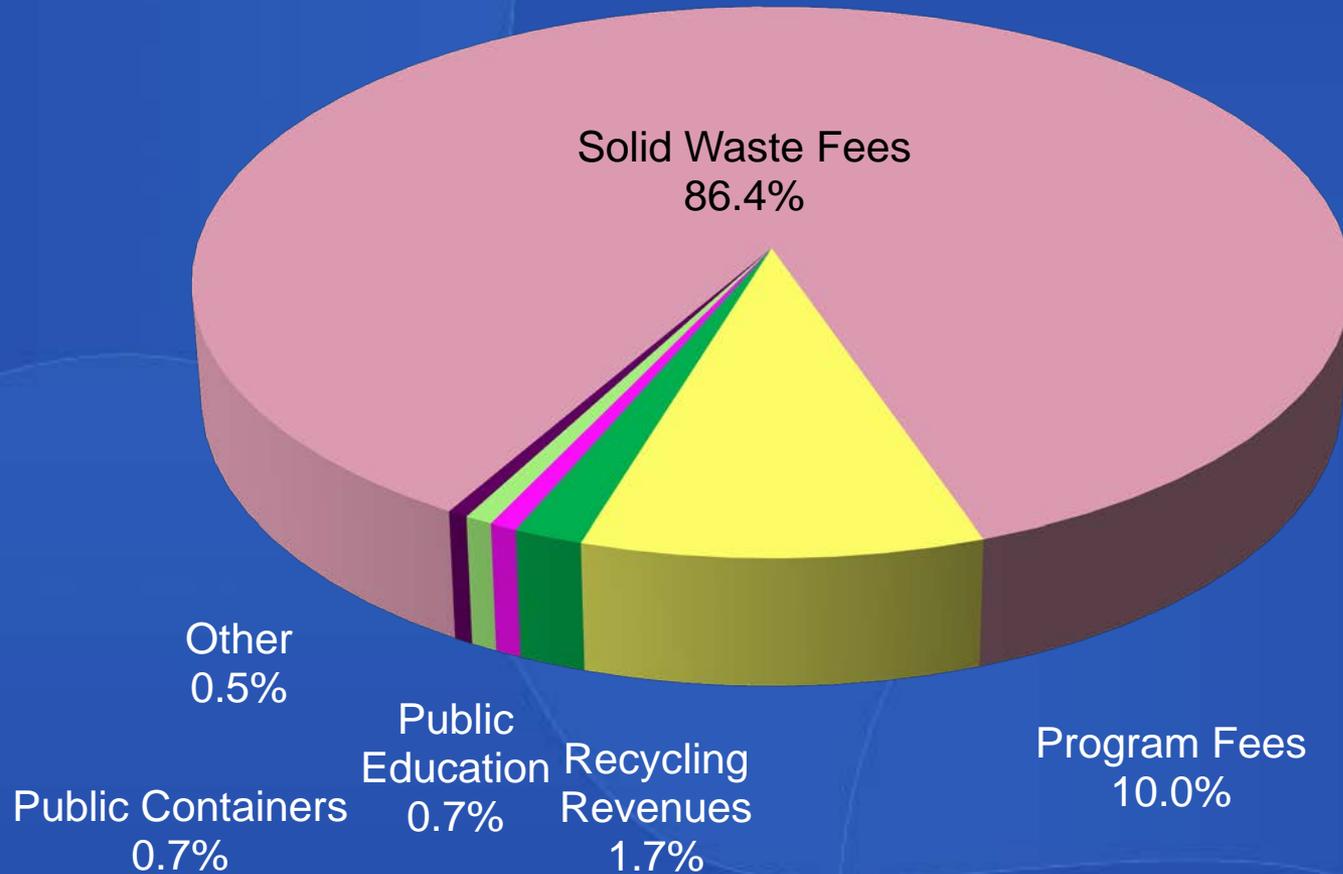
# SOLID WASTE FUND

## Appropriations – FY 2014 to 2016

	<u>FY 2014 Actual</u>	<u>FY 2015 Amended</u>	<u>FY 2015 Projected</u>	<u>FY 2016 Recomm'd</u>	<u>% Change</u>
Salaries & benefits	\$ 803,217	\$ 958,244	\$ 923,676	\$ 998,573	7.8%
Hauler services	17,678,473	17,727,658	17,803,230	18,063,718	1.5%
Supplies & services	352,565	665,671	497,055	535,612	5.8%
Allocated costs	381,797	396,479	396,479	408,514	3.0%
Special projects	557,696	555,532	547,579	593,990	8.4%
Public Containers		145,000	43,895	153,139	75.3%
Other	79,113	164,784	107,009	118,610	7.0%
<b>Total</b>	<u><u>\$19,852,861</u></u>	<u><u>\$20,613,368</u></u>	<u><u>\$ 20,318,923</u></u>	<u><u>\$20,872,156</u></u>	2.7%

# SOLID WASTE FUND

## Revenues by Major Object



***FY 2016 Solid Waste Fund Revenues – \$ 20,952,792***

# SOLID WASTE FUND

## Revenues – FY 2014 to 2016

	<u>FY 2014 Actual</u>	<u>FY 2015 Amended</u>	<u>FY 2015 Projected</u>	<u>FY 2016 Recomm'd</u>	<u>% Change</u>
Solid Waste Fees	\$ 17,862,676	\$ 17,885,221	\$17,966,607	\$ 18,103,718	0.8%
Program Fees	2,027,650	2,061,544	2,086,276	2,090,979	0.2%
Recycling Revenues	539,553	297,342	362,342	361,642	-0.2%
Public Education	141,600	143,242	143,242	143,698	0.3%
Grants	23,654	20,000	20,000	-	-100.0%
Looking Good SB	80,000	80,927	80,927	82,546	2.0%
Public Containers	-	145,000	144,561	146,009	1.0%
E-Waste Collection	11,987	10,000	10,000	10,000	0.0%
Other	2,281	2,500	6,903	14,200	105.7%
<b>Total Revenues</b>	<u>\$20,689,401</u>	<u>\$ 20,645,776</u>	<u>\$20,820,858</u>	<u>\$ 20,952,792</u>	0.6%



# SOLID WASTE FUND

## *KEY PERFORMANCE OBJECTIVES*



# SOLID WASTE FUND

## Key Projects and Initiatives

1. Conversion Technology (Resource Recovery) Project
  - Final stages of negotiation with vendor
  - Update to City Council in July 2015
2. Monitor compliance of retailers subject to the Single Use Bag Ordinance

# SOLID WASTE FUND

## Key Projects and Initiatives

3. Distribute revised Waste Enclosure Guidelines to key stakeholders for review and field testing
4. Explore options for improving the efficiency of solid waste collection services



# QUESTIONS?