

BURBANK-GLENDALE-PASADENA AIRPORT AUTHORITY

# FY 2017/2018

## BUDGET AND BUDGET OVERVIEW



**Hollywood  
Burbank**  
Airport

**ADOPTED: JUNE 19, 2017**

**BURBANK-GLENDALE-PASADENA AIRPORT AUTHORITY**  
**ADOPTED FY 2017/2018 ("FY 2018") BUDGET**

**SOURCES OF FUNDS: SUMMARY**

	Adopted Budget FY 2018	Adopted Budget FY 2017	\$ Change
Rentals	\$13,840,000	\$13,140,000	\$700,000
Parking	19,125,000	20,175,000	(1,050,000)
Concessions	8,850,000	8,560,000	290,000
Landing Fees	3,235,000	2,950,000	285,000
Investment Income	2,650,000	2,100,000	550,000
*1) Ground Transportation	2,145,000	465,000	1,680,000
Other Revenues	1,035,000	1,055,000	(20,000)
<b>Total Operating Revenues</b>	<b>\$50,880,000</b>	<b>\$48,445,000</b>	<b>\$2,435,000</b>
PFC Revenues / Reserves	\$5,242,120	\$8,009,065	(\$2,766,945)
AIP / Other Grants	10,737,880	16,275,935	(5,538,055)
Facility Development Reserve Funds	4,680,000	7,680,000	(3,000,000)
CFC Fees: 2012 Bond Issue	5,040,000	5,040,000	0
Facility Rent - RAC: 2012 Bond Issue	794,996	793,563	1,433
Facility Rent - RAC: Loan Principal	255,930	322,498	(66,568)
<b>Total Nonoperating Sources</b>	<b>\$26,750,926</b>	<b>\$38,121,061</b>	<b>(\$11,370,135)</b>
<b>Total</b>	<b>\$77,630,926</b>	<b>\$86,566,061</b>	<b>(\$8,935,135)</b>

**USES OF FUNDS: SUMMARY**

	Adopted Budget FY 2018	Adopted Budget FY 2017	\$ Change
Bond P & I (2012 Issue)	\$5,834,996	\$5,833,563	\$1,433
Bond P & I (2015 Issue)	4,565,750	4,563,950	1,800
Subtotal Debt Service	10,400,746	10,397,513	3,233
Operations and Maintenance	43,682,720	41,353,040	2,329,680
<b>Total Operating Expenses</b>	<b>\$54,083,466</b>	<b>\$51,750,553</b>	<b>\$2,332,913</b>
Facility Improvements			
Noise Mitigation / Abatement	\$1,000,000	\$500,000	\$500,000
Other Improvements	16,460,000	26,865,000	(10,405,000)
Development	3,200,000	4,600,000	(1,400,000)
<b>Total Improvement Program</b>	<b>\$20,660,000</b>	<b>\$31,965,000</b>	<b>(\$11,305,000)</b>
Additional O & M Reserve	\$582,420	\$366,400	\$216,020
Facility Dev. Fund Reimbursement	\$255,930	\$322,498	(\$66,568)
Parking Tax	\$2,049,110	\$2,161,610	(\$112,500)
<b>Total</b>	<b>\$77,630,926</b>	<b>\$86,566,061</b>	<b>(\$8,935,135)</b>

\*1) Ground Transportation is a new category, commencing in FY 2018, that reflects both TNC drop-off and pick-up fees. Also included in this new category are taxi, shuttle and off-airport parking operator fees. All of these fees were previously reported as part of the Other Revenues category, with the exception of TNC pick-up fees, which were previously reported as part of Parking Revenues.

**ADOPTED FY 2017/2018 ("FY 2018") BUDGET  
OPERATIONS & MAINTENANCE ("O & M") EXPENDITURES**

<b>ACCT #</b>	<b>DESCRIPTION</b>	<b>ADOPTED BUDGET FY 2018</b>	<b>ADOPTED BUDGET FY 2017</b>	<b>\$ AMOUNT CHANGE</b>
8000	Regular Wages	\$2,882,067	\$2,568,249	\$313,818
8012	Overtime Wages	310,000	310,000	0
8100	Sick Leave	243,420	222,032	21,388
8102	Vacation	237,675	238,770	(1,095)
8103	Payroll Taxes	289,213	262,973	26,240
8104	Workers' Compensation Insurance	485,000	440,000	45,000
8105	Group Insurance	372,858	339,318	33,540
8106	State Unemployment Insurance	5,000	5,000	0
8107	Retiree Medical Trust	49,200	0	49,200
8109	Holiday	193,998	174,608	19,390
8110	Employee Retirement Plan	248,238	225,263	22,975
8111	Employee Medical Opt Out	43,200	37,800	5,400
8115	FSA Admin.	900	900	0
8120	Certification Pay	75,100	44,100	31,000
8125	Training Pay	12,300	11,700	600
8200	Office Supplies	65,000	63,250	1,750
8202	Periodicals, Maps and Pamphlets	6,500	9,700	(3,200)
8204	Printing and Binding	14,100	14,100	0
8206	Special Office / Other Supplies	89,700	89,700	0
8208	Postage	14,500	15,790	(1,290)
8210	Office / Noise Equipment Service	142,000	140,500	1,500
8212	Copy Machine Lease	19,575	15,000	4,575
8214	Office Equipment Rent	700	700	0
8216	Photographic Expense	2,250	3,300	(1,050)
8252	Recruitment Expense	40,000	40,000	0
8254	Membership Dues	125,000	109,000	16,000
8256	Uniform Expense	85,350	79,650	5,700
8258	Commission Meeting	190,000	198,000	(8,000)
8260	Conference Meeting	95,000	87,750	7,250
8261	Training Expense	330,000	247,310	82,690
8302	Fuel, Oil and Lubricants	425,000	465,000	(40,000)
8303	Low Value Communications Equipment	12,000	13,000	(1,000)
8304	Low Value Machinery / Equipment	26,500	31,500	(5,000)
8305	Low Value Furniture / Fixtures	21,250	24,500	(3,250)
8306	Vehicle Repair / Maintenance Supplies	67,700	63,500	4,200
8308	General Repair / Maintenance	168,950	135,500	33,450
8316	Shop Supplies	77,600	75,550	2,050
8318	Electrical Supplies	73,850	68,250	5,600
8320	Plumbing, Heating and Air Conditioning	85,000	78,875	6,125
8322	Building / Construction Supplies	86,250	99,250	(13,000)
8324	Telephone Expense	325,000	325,000	0
8326	Communications Maintenance	53,200	48,700	4,500
8332	Industrial Chemical Supplies	19,200	12,500	6,700

**ADOPTED FY 2017/2018 ("FY 2018") BUDGET  
OPERATIONS & MAINTENANCE ("O & M") EXPENDITURES**

<b>ACCT #</b>	<b>DESCRIPTION</b>	<b>ADOPTED BUDGET FY 2018</b>	<b>ADOPTED BUDGET FY 2017</b>	<b>\$ AMOUNT CHANGE</b>
8334	Operating / Maintenance Equipment Lease	\$54,300	\$49,300	\$5,000
8335	Other Leases / Rentals	36,000	36,000	0
8336	Utility – Gas	37,000	37,000	0
8338	Utility – Electric	1,590,000	1,575,000	15,000
8340	Utility – Water	395,000	395,000	0
8341	Sign Repair and Maintenance	60,000	69,500	(9,500)
8342	Landscaping Expense	205,500	195,500	10,000
8344	Paint Expense	115,100	115,100	0
8604	ARFF Services	3,030,992	3,030,992	0
8606	Tenant Janitorial Services	525,000	490,000	35,000
8607	Janitorial Services	720,000	720,000	0
8608	Refuse Collection	171,500	140,000	31,500
8610	Contractual Building Repair	158,000	149,750	8,250
8612	Contractual Systems Repair	903,900	842,850	61,050
8620	Contractual Vehicle Maintenance	385,400	425,000	(39,600)
8622	Other Contracted O & M Costs	1,141,960	896,635	245,325
8625	Contractual Parking Ops. (Self-Park / Valet)	4,690,000	4,690,000	0
8626	Contractual Transportation Services	2,363,574	2,350,000	13,574
8702	Noise Consultants	68,500	66,000	2,500
8704	Legal Services	650,000	650,000	0
8706	Audit Services	115,000	110,000	5,000
8708	Professional Management Services	12,900,325	12,140,450	759,875
8709	Engineering Services	100,000	60,000	40,000
8710	Financial Services	805,700	808,000	(2,300)
8711	Other Professional Services	1,546,000	1,362,400	183,600
8715	Environmental Services	65,000	44,500	20,500
8804	Bad Debt Expense	4,000	4,000	0
8816	Insurance	1,575,000	1,450,000	125,000
8818	Public Relations / Advertising	120,000	113,000	7,000
8819	Air Service Retention and Development	609,425	375,000	234,425
8822	Licenses, Permits and Fees	125,000	118,275	6,725
8825	Uninsured Loss	10,000	10,000	0

<b>TOTAL O &amp; M EXPENSES</b>	<b>\$43,386,520</b>	<b>\$40,954,840</b>	<b>\$2,431,680</b>
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**O & M EQUIPMENT AND PROJECTS**

9010	Vehicles / Equipment	\$108,000	\$297,700	(\$189,700)
9022	Other Machinery / Equipment	93,200	49,500	43,700
9024	Furniture / Fixtures	10,000	10,000	0
9026	Office Equipment / Systems	85,000	41,000	44,000

<b>TOTAL O &amp; M EQUIPMENT / PROJECTS</b>	<b>\$296,200</b>	<b>\$398,200</b>	<b>(\$102,000)</b>
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<b>TOTAL OPERATIONS AND MAINTENANCE</b>	<b>\$43,682,720</b>	<b>\$41,353,040</b>	<b>\$2,329,680</b>
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**ADOPTED FY 2017/2018 ("FY 2018") BUDGET  
OPERATIONS & MAINTENANCE ("O & M") EXPENDITURES**

<b>ACCT #</b>	<b>DESCRIPTION</b>	<b>ADOPTED BUDGET FY 2018</b>	<b>ADOPTED BUDGET FY 2017</b>	<b>\$ AMOUNT CHANGE</b>
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**Burbank-Glendale-Pasadena Airport Authority**

**ADOPTED FY 2017/2018 ("FY 2018") - Facility Improvement Program ("Capital") Budget**

PRIORITY CODE / PROJECT DESCRIPTION		Cost	Funded By PFC	Funded By Grant	Airport Share
<b>BUILDING IMPROVEMENTS</b>					
H	Hangar #34 Roof Replacement <i>(completion)</i>	\$ 485,000	\$ -	\$ -	\$ 485,000
H	Maintenance Bldg. Electrical Upgrade <i>(completion)</i>	225,000	-	-	225,000
H	Building #36 Server Room Upgrade <i>(completion)</i>	100,000	80,000	-	20,000
H	Terminal High Voltage Electrical Upgrades	250,000	175,000	-	75,000
M	Minor Building Improvements	250,000	-	-	250,000
<b>TOTAL BUILDING IMPROVEMENTS</b>		<b>\$ 1,310,000</b>	<b>\$ 255,000</b>	<b>\$ -</b>	<b>\$ 1,055,000</b>
<b>OTHER IMPROVEMENTS</b>					
H	Airport Branding: Infrastructure and Sign Modifications	\$ 250,000	\$ -	\$ -	\$ 250,000
<b>TOTAL OTHER IMPROVEMENTS</b>		<b>\$ 250,000</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 250,000</b>
<b>IT / COMMUNICATIONS / SECURITY</b>					
H	Interactive Employee Training (IET) System Replacement	\$ 200,000	\$ 200,000	\$ -	\$ -
H	DVSS Camera Replacement	100,000	100,000	-	-
H	Network Switch Replacement	100,000	-	-	100,000
H	Primary LAN Blade Server Replacements	80,000	-	-	80,000
<b>TOTAL IT / COMMUNICATIONS / SECURITY</b>		<b>\$ 480,000</b>	<b>\$ 300,000</b>	<b>\$ -</b>	<b>\$ 180,000</b>
<b>EQUIPMENT</b>					
H	Parking Revenue Control Equipment - Valet	\$ 185,000	\$ -	\$ -	\$ 185,000
M	Airfield Maintenance Equipment	425,000	425,000	-	-
<b>TOTAL EQUIPMENT</b>		<b>\$ 610,000</b>	<b>\$ 425,000</b>	<b>\$ -</b>	<b>\$ 185,000</b>
<b>RUNWAY / TAXIWAY / ROADWAY PROJECTS</b>					
H	Runway 15-33 Rehabilitation	\$ 11,300,000	\$ 2,193,330	\$ 9,106,670	\$ -
H	Taxiway C & D and GA Ramp Rehabilitation - Design	900,000	174,690	725,310	-
H	Ramp / Taxilane Rehabilitation	700,000	700,000	-	-
H	Airside Paving Replacement	350,000	-	-	350,000
M	Landside Paving Replacement	360,000	-	-	360,000
M	Public Parking Lot Improvements	200,000	-	-	200,000
<b>TOTAL RUNWAY / TAXIWAY / ROADWAY</b>		<b>\$ 13,810,000</b>	<b>\$ 3,068,020</b>	<b>\$ 9,831,980</b>	<b>\$ 910,000</b>
<b>NOISE MITIGATION</b>					
M	Residential Acoustical Treatment Program <i>(multi-year)</i>	\$ 1,000,000	\$ 194,100	\$ 805,900	\$ -
<b>TOTAL NOISE MITIGATION</b>		<b>\$ 1,000,000</b>	<b>\$ 194,100</b>	<b>\$ 805,900</b>	<b>\$ -</b>
<b>DEVELOPMENT</b>					
H	Replacement Passenger Terminal Project <i>(multi-year)</i>	\$ 3,100,000	\$ 1,000,000	\$ -	\$ 2,100,000
M	Transportation Planning <i>(multi-year)</i>	100,000	-	100,000	-
<b>TOTAL DEVELOPMENT</b>		<b>\$ 3,200,000</b>	<b>\$ 1,000,000</b>	<b>\$ 100,000</b>	<b>\$ 2,100,000</b>
<b>TOTAL FACILITY IMPROVEMENT PROGRAM</b>		<b>\$ 20,660,000</b>	<b>\$ 5,242,120</b>	<b>\$ 10,737,880</b>	<b>\$ 4,680,000</b>

**Notes:**

- 1) *The FY 2018 budget utilizes reserves previously set aside in the Facility Development Fund to cover the Airport share of capital project costs.*
- 2) *RPZ Land Acquisition - Hollyona Property subject to City of Burbank PUC Application currently in process. No appropriation request included in FY 2018 Capital budget.*
- 3) *An additional TSA funded Recapitalization Project (Checked Baggage Screening Equipment replacement program) governed under an Other Transaction Agreement ("OTA") is a pass-through project which does not yield an asset to the Authority. Therefore, it is not included in the above.*

## **Budget Overview: Fiscal Year 2017/2018 (“FY 2018”)**



### **INTRODUCTION:**

In FY 2017, the Airport continued to experience a positive return of passengers and airline operations as the economy improved on the national, state and local levels. During certain months of the year, passengers rebounded with double digit percentages over the same month in the previous year. Also, air service additions to Hollywood Burbank Airport have continued with the introduction of service to San Jose by Alaska Airlines; to Portland and Salt Lake City by Southwest Airlines; and the return of mainline air service by United Airlines. These changes reflect growing competition between the airlines for the California market while their industry maintains its vigilance over cost, capacity and the timing of additional or replacement aircraft into their fleets.

Passenger activity FYTD April 2017 reflects a 9.34% increase as compared to the same period in the prior fiscal year. The momentum over the last two months is particularly noteworthy with passenger activity increasing over prior year levels in March and April by 13.28% and 18.28% respectively. This return of activity surpassed forecasts especially in light of previous year's results of a 1.90% growth for FY 2016. The previous experience over the past years of scheduled air service cuts due to lack of demand or re-deployment of aircraft to higher yield routes has been replaced with increased competition for the California and north/south West Coast corridor market. Also, while not specifically quantifiable, the increased congestion due to the continuing modernization construction program at LAX appears to have diverted some passenger traffic to routes served out of BUR.

The adopted budget continues to incorporate Staff's recommendation to the Commission to maintain the Authority's conservative approach to the financial program focused on maximizing revenues, vigilant monitoring of expenditures and dedication of resources to maintain safe, secure and passenger convenient facilities. The Airport share requirement of the proposed FY 2018 capital improvement budget, including funds to continue the development of a 14-gate replacement passenger terminal, is programmed utilizing Facility Development Reserves. This will support the Authority's ability to maintain a stable level of rates and charges to the airlines as development efforts for the replacement passenger terminal continue throughout the fiscal year. However, even with this conservative approach, the airport industry is experiencing dynamic changes impacting its traditional revenue sources, ground transportation options serving the Airport as well as changes in passenger's view of amenities and convenience.

## **BUDGET OVERVIEW:**

- **Highlights and Noteworthy Items:**

- The FY 2018 Budget is based on utilizing Facility Development Reserves to fund capital project costs that are net of all other eligible financing sources such as FAA AIP Grants and Passenger Facility Charges. The FY 2018 adopted budget is presented as a balanced budget with no change to the existing signatory airline rental rates or landing fees. The signatory landing fee rate will remain at \$0.97 per 1,000 pounds landed weight and the non-signatory landing fee rate is programmed to remain at \$1.56 per 1,000 pounds landed weight.
- Ongoing development of a proposed Replacement Passenger Terminal, including:
  - Submission of a Passenger Facility Charge application to support the project; and
  - Award of contracts for conceptual plan validation, public charrette process and Environmental Impact Statement (EIS) consultants.
- Continuing implementation and marketing of the Airport's brand name and focus on recovery of previous passenger activity levels and air service.
- Negotiations for Airport Fire and Maintenance personnel collective bargaining agreements.
- Selection of an Airport parking management operator with enhanced revenue generating approaches.
- Programming included for the FAA required full scale emergency drill which is mandated to be undertaken every three years.
- Major rehabilitation of Runway 15/33 during the first half of the fiscal year.
- Pending receipt of FAA grant funding, reactivation of the Residential Acoustical Treatment Program (RATP) to address remaining eligible units.





## **FY 2018 BUDGET: OVERVIEW BY CATEGORY**

### **I. FY 2018 Operating Revenues**

FY 2018 operating revenues are programmed to total \$50,880,000, an increase from the FY 2017 budget levels of \$2,435,000 (5.03%).

Below is a summary and highlights of projected operating revenues:

#### **FY 2018 Operating Revenues: Summary**

<b>Rentals</b>	<b>\$ 13,840,000</b>
<b>Parking</b>	<b>19,125,000</b>
<b>Concessions</b>	<b>8,850,000</b>
<b>Landing Fees</b>	<b>3,235,000</b>
<b>Investment Income</b>	<b>2,650,000</b>
<b>Ground Transportation</b>	<b>2,145,000</b>
<b>Other Revenues</b>	<b>1,035,000</b>
<b>Total Operating Revenues</b>	<b>\$ 50,880,000</b>

#### **Rentals: \$13,840,000**

Rental revenues have been programmed at \$700,000 above the FY 2017 budget levels. The increase is attributed to the addition of a hangar lease, several new month-to-month leases for rental car overflow parking and contractual CPI increase adjustments to existing leases realized during FY 2017.

Although the Authority entered into a new 5-year hangar lease in May 2017, several hangars continue to remain vacant. No rental revenues are included in the budget for the vacant hangars. To address these vacancies, the Authority has engaged commercial real estate appraisal firms to undertake a market analysis of comparable facilities in the surrounding region

In summary, this line item is primarily programmed as follows:

- Based on current contracts and leases.
- Assumes all lease revenues will remain in place through the entire fiscal year.
- Assumes no FY 2018 CPI increases.

## **FY 2018 Operating Revenues - continued**

### **Parking: \$19,125,000**

Revenues have been forecasted at \$1,050,000 lower than last year. Commencing in FY 2018, TNC (also known as “rideshare”) pick- up fees will no longer be reported as parking revenue. The pick-up area is scheduled to be relocated from its current location in the parking structure away from the self-park operations to improve traffic flow and yield from fees collected. These pick-up fees will now be reported as part of the newly established Ground Transportation revenue category.

With passenger activity exceeding prior year levels it would be expected that parking revenues would be performing more favorably. Parking receipts are being closely monitored as the TNC activity continues to negatively impact the traditional parking revenue source. Staff has engaged an outside consultant to assist with the development of a revised RFP for parking management including a pre-booking parking reservation system for revenue enhancement and customer convenience.

The total forecasted amount of \$19,125,000 is subject to the City of Burbank’s 12% Parking Tax requirement. An amount of \$2,049,110 has been budgeted to be remitted to the City during FY 2018.

### **Concessions: \$8,850,000**

This category includes revenues from rental car agencies, food/beverage, gift/news, advertising and other ancillary concessionaires. The FY 2018 budget is programmed \$290,000 more than last year. This increase is primarily driven by the positive results generated due to the elevated passenger activity. Also, terminal concessionaires continue to undertake efforts to improve per-enplaned passenger sales through product line / branding modifications and other changes.

### **Landing Fees: \$3,235,000**

The budget increase of \$285,000 over the prior year level reflects the positive impact of new air service additions and the return of mainline service by United Airlines. However, the airlines have also begun to review over capacity concerns, new aircraft fleet delivery schedules, fare yields and the rising cost of oil. As these factors have negatively impacted the airline industry in the past, the new air services and frequencies at BUR could be impacted in the future. As such, although some air carriers have expressed potential further service additions in the upcoming year, landing fees are being budgeted at close to the current year actual activity.



**FY 2018 Operating Revenues - continued**

**Investment Income: \$2,650,000**

Investment income has been forecasted at \$550,000 higher than the FY 2017 budget levels primarily due to a projected small yield increase. This category continues to benefit from the larger overall investment portfolio balance resulting from the sale of the B-6 Trust and Kenwood Lot properties in April 2016. All reinvestments must follow the Authority's Investment Policy guidelines which are based on capital preservation and conservative investments.

Commencing in FY 2015, the Authority receives income from the loan provided to the rental car companies for the construction of the Consolidated Rental Car Facility ("CRCF") as part of the Regional Intermodal Transportation Project ("RITC"). The loan carries a 4% interest rate. The FY 2018 interest amount from this loan is approximately \$175,000 and the principal payback to the Authority is \$255,930.

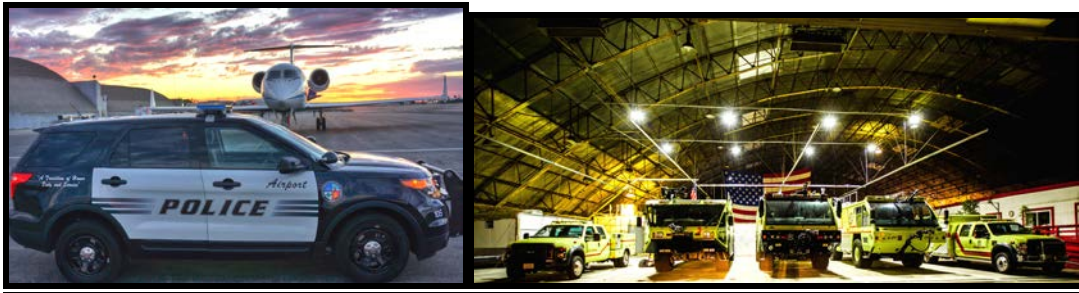
**Ground Transportation: \$2,145,000**

Ground Transportation is a new category, to commence at the start of FY 2018, which reflects TNC also known as "rideshare" passenger drop-off and pick-up fees. Also, included in this category are taxi, shuttle and off-airport parking fees. All of these fees were previously reported as part of the Other Revenues category, with the exception of TNC pick-up fees which were previously included in Parking Revenues. Commencing in FY 2018 the TNC pick-up area is scheduled to be relocated from its current location in the parking structure away from the self-park operations. During FY 2017, the Airport Facility Use and Access Agreement with the TNCs was approved by the Commission therefore implementing a \$3.00 drop-off fee which supplements the \$3.00 pick-up fee being collected.

**Other Revenues: \$1,035,000**

This category is programmed essentially flat to the prior year (\$20,000 decrease) and includes projections for fuel flowage fees, film location receipts and fingerprint fees. All revenue sources relating to ground transportation previously included in this category are now reflected in the newly established Ground Transportation category as detailed above.





## II. **FY 2018 OPERATIONS AND MAINTENANCE (O & M) EXPENSES**

The Operations and Maintenance (O & M) Budget totals \$43,682,720 an increase of \$2,329,680 (5.6%) from the current FY 2017 approved O & M Budget.

Noteworthy line items in the O & M budget are as follows:

➤ **Wages and Benefits: Accounts #8000 - #8125**

These appropriations, amounting to approximately \$5.4 million, provide for the salaries and benefits associated with the Airport's police / public safety personnel. The budget was developed in accordance with the terms of the new 3-year Memorandum of Understanding ("MOU") which went into effect February 2017.

The increase in Workers' Compensation insurance (Account #8104) is based on the renewal premium estimate received from the Authority's broker (policy renewal date August 2017) and reflects the revised modification formula for workers' compensation and reclassification adjustments.

The police department appropriations include the addition of 2 part-time job share positions (1 FTE).

➤ **Aircraft Rescue and Fire Fighting ("ARFF") Services: Account #8604**

This account provides for the costs associated with the contracted TBI aircraft rescue and firefighting personnel. This line item reflects the direct personnel wages and benefits; reimbursement for actual out-of-pocket expenses including related insurance costs; and management fee. The FY 2018 has been budgeted flat to the prior year level pending the results of union agreement negotiations which are currently underway.

➤ **Utilities (Gas, Electric, Water): Accounts #8336, #8338, #8340**

Utilities have been budgeted to include expected rate increases for the respective services. The Airport continues to focus on water conservation measures as governed by the City of Burbank and the implementation of newer energy efficient technologies such as the installation of LED lighting.

**FY 2018 O & M EXPENSES – continued**

➤ **Other Contracted O & M Costs: Account #8622**

This line item includes a \$350,000 provision for the establishment of an outside services contract to conduct preventative maintenance and oversight in accordance with FAA regulations of the recently replaced airfield runway lighting system.

➤ **Contracted Parking Services (Self-Park and Valet): Account #8625**

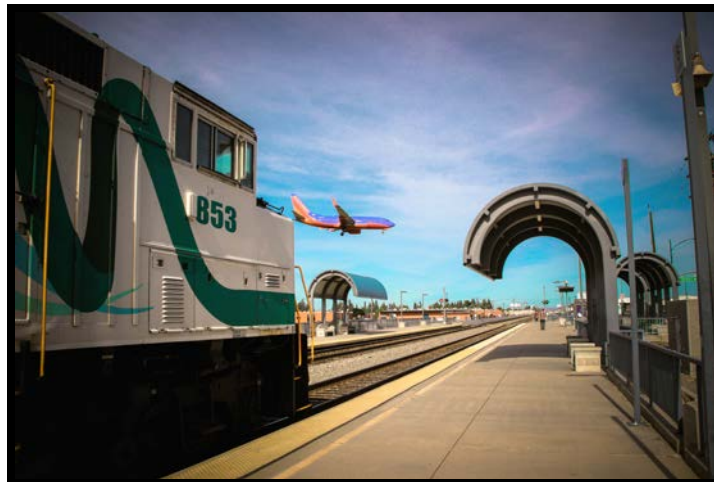
This line item represents costs associated with the contracted services agreement with Standard Parking (“Standard”) for parking operations for the Authority’s self-park and valet parking lots.

The service agreement with Standard Parking has reached its end. The Commission approved that the contract continue for a limited time on a month-to-month status pending the results of an RFP. Pending these results and award of a new contract for parking and valet operation services, \$4,690,000 is programmed for Account #8625 and is flat to the last year budget. This budget amount is reflective of the current costs being incurred under the existing month-to-month agreement.

➤ **Contracted Transportation Services: Account #8626**

This line item represents costs associated with the contracted services agreement with MV Transportation to provide turn-key shuttle bus fleet services which became effective mid FY 2016. MV Transportation provides both the operational personnel as well as newer, smaller, alternative energy efficient vehicles to support the Airport’s courtesy shuttle requirements.

The appropriations programmed in this line item for FY 2018 are in accordance with the previously awarded contract amount.



**FY 2018 O&M EXPENSES – continued**

- **Professional Management Services (TBI Contract): Account #8708**  
This line item represents the estimated FY 2018 costs associated with the TBI Airport Management Inc. contract (not including ARFF services which are programmed separately in Account #8604).

Included are appropriations for certain staffing additions, a merit allowance for non-represented employees, the required salary adjustments in compliance with the maintenance employee collective bargaining agreement and a retention allowance of \$100,000.

Itemized below are the components of this \$12,900,325 line item:

<b>Components of FY 2018</b>			
<b>Account #8708: Professional Management Services (TBI)</b>			
	<b>Salaried</b>	<b>Hourly</b>	<b>Total</b>
<b>Wages</b>	\$5,745,707	\$3,683,323	\$9,429,030
<b>Healthcare</b>	769,320	744,287	1,513,607
<b>Retirement</b>	344,927	294,345	639,272
<b>Other Fringe</b>	801,589	649,484	1,451,073
<b>Subtotal</b>	\$7,661,543	\$5,371,439	\$13,032,982
<b>Merit Allowance</b>	\$132,615	\$48,315	\$180,930
<b>Maintenance CBA</b>	\$1,877	\$74,797	\$76,674
<b>Subtotal</b>	\$7,796,035	\$5,494,551	\$13,290,586
<b>Less labor charged to capital projects</b>			-\$1,262,405
<b>Retention Allowance</b>			\$100,000
<b>Management Fee</b>			\$772,144
<b>Total Account #8708</b>			<u>\$12,900,325</u>
<b># of funded positions</b>	53	59	112

The chart below identifies the staffing position additions for which appropriations have been included in the proposed FY 2018 Budget:

<b>FY 2018 Staffing Additions</b>
1) Administrative Assistant: Police / ARFF
2) Senior Procurement Specialist
3) Business Development Specialist

**FY 2018 O&M EXPENSES – continued**

- **Other Professional Services: Account #8711**  
This line item includes appropriations for outside contracted security services (\$940,000) and other professional services such as Strategic Planning, Safety Management Systems (SMS), legislative advocacy support and parking consultant services.
  
- **Insurance: Account #8816**  
The Authority's insurance policies renew on July 1, 2017 therefore this line item reflects the anticipated policy premiums the Authority's new insurance broker has estimated for the FY 2018 period, including an allowance for a potential new line of coverage (cyber).
  
- **Air Service Retention/ Development: Account #8819**  
This account provides appropriations to continue efforts to retain/develop air service and recover previous passenger levels. Appropriations have been included to continue initiatives such as the "Thanks Again" customer loyalty program (\$50,000); the marketing agreement with IMG College, LLC in which the Airport is "the official airport" of the Rose Bowl Stadium (\$65,000); and to support outreach efforts to current/potential new air carriers (\$82,000). In addition, appropriations in the amount \$412,425 are included for the ongoing implementation of the Airport's branding efforts.

At this time these appropriations are intended to serve as a placeholder pending the Authority's evaluation and approval of a program to move forward with the continued implementation of the "Hollywood Burbank" branding efforts. The current one-year marketing agreement with IMG College is reaching the end therefore, Staff will be presenting to the Commission options for renewal, as well as an overall conceptual plan and proposed costs intended to identify the most effective program for future outreach/branding efforts.



**III. FY 2018 FACILITY IMPROVEMENT (CAPITAL) BUDGET**

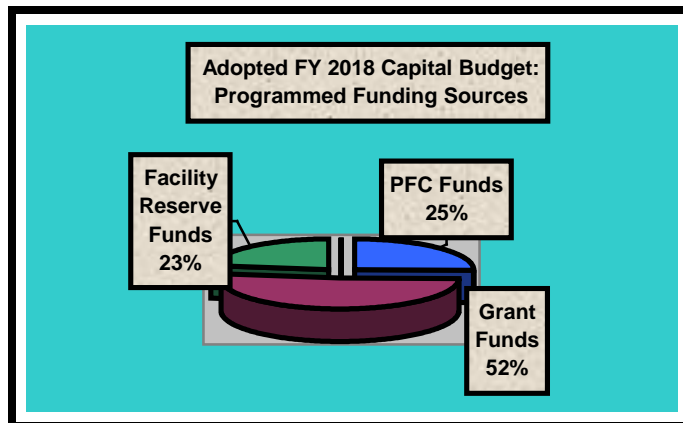
The total FY 2018 Facility Improvement Budget of \$20,660,000 is comprised of various projects and improvements, and is distributed among the following major categories:

Category	Adopted FY 2018 Budget
Building Improvements	\$1,310,000
Other Improvements	250,000
IT / Communications / Security	480,000
Equipment	610,000
Runway / Taxiway / Roadway	13,810,000
Noise Mitigation and Abatement	1,000,000
Development	<u>3,200,000</u>
<b>Total FY 2018 Improvement Budget</b>	<b><u>\$20,660,000</u></b>

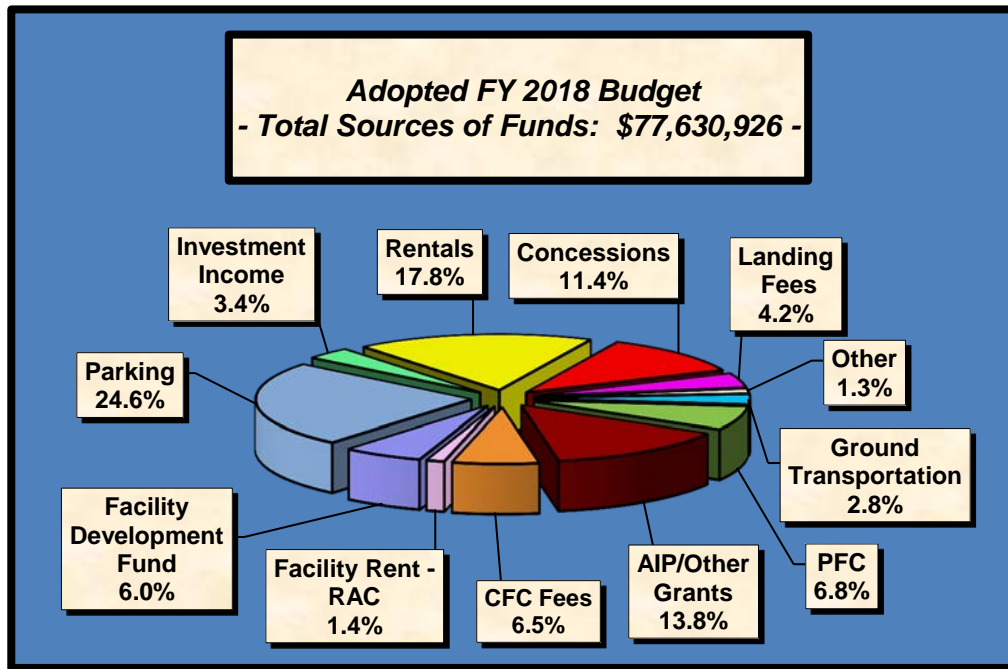
Six projects make up 85% of the total adopted \$20,660,000 capital program. These are:

- Runway 15/33 Rehabilitation: \$11,300,000
- Replacement Terminal Development (*multi-year*): 3,100,000
- Residential Acoustical Treatment Program (*multi-year*): 1,000,000
- Taxiway C & D and GA Ramp Rehabilitation (*design only*): 900,000
- Ramp / Taxilane Rehabilitation: 700,000
- Hangar #34 Roof Replacement (*completion*): 485,000

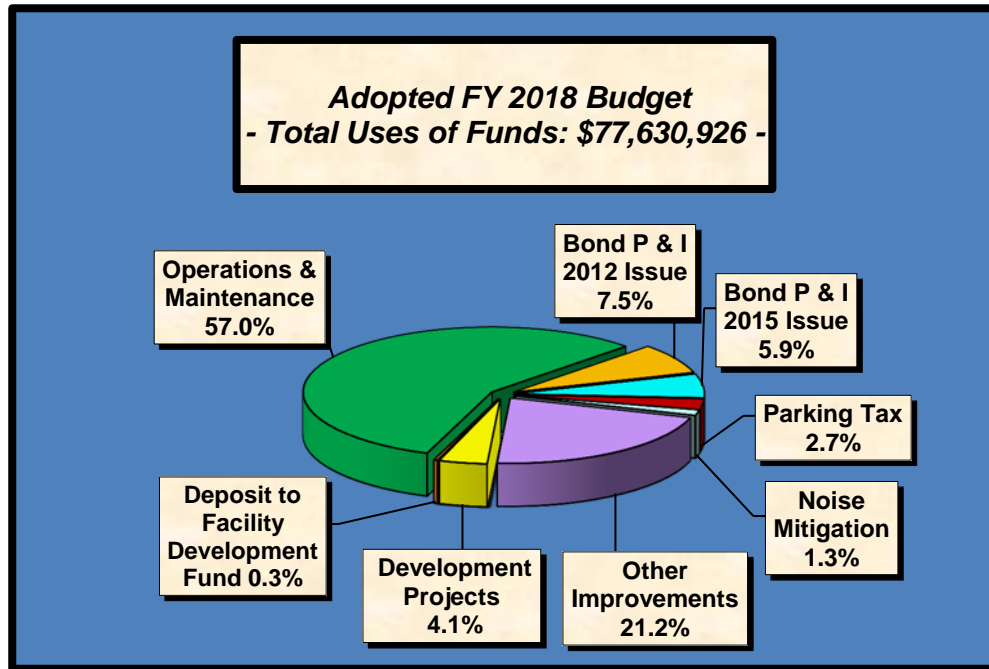
The chart below depicts the programmed funding sources for the FY 2018 Capital Budget. Facility Development Reserves previously set aside are to be utilized to fund all capital program costs not eligible for alternate funding such as grants or passenger facility charge fees.







<b>Sources of Funds: Summary</b>	
Parking	\$19,125,000
Rentals	13,840,000
Concessions	8,850,000
Landing Fees	3,235,000
Investment Income	2,650,000
Ground Transportation	2,145,000
Other Revenues	1,035,000
<b>Total Operating Revenues</b>	<b>\$50,880,000</b>
PFC Revenues / Reserves	5,242,120
AIP / Other Grants	10,737,880
Facility Development Fund	4,680,000
CFC Fees: To 2012 Bond Issue Debt Service	5,040,000
Facility Rent - RAC: To 2012 Bond Issue Debt Service	794,996
Facility Rent - RAC: Payment Loan Principal	255,930
<b>Total Programmed FY 2018 Funding Sources:</b>	<b><u>\$77,630,926</u></b>



<b>Uses of Funds: Summary</b>	
Bond Principal & Interest (2012 Issue)	\$5,834,996
Bond Principal & Interest (2015 Issue)	4,565,750
Operations & Maintenance (Includes Reserve Adj.)	44,265,140
Parking Tax	<u>2,049,110</u>
<b>Sub-Total</b>	<b>\$56,714,996</b>
<b>Facility Improvement Program</b>	
Noise Mitigation / Abatement	\$1,000,000
Other Improvements	16,460,000
Development Projects	<u>3,200,000</u>
<b>Sub-Total</b>	<b>\$20,660,000</b>
Facility Development Fund Reimbursement	<u>\$255,930</u>
<b>Total Programmed FY 2018 Uses of Funds:</b>	<b><u><u>\$77,630,926</u></u></b>