



ALBANY COUNTY AIRPORT AUTHORITY
ALBANY INTERNATIONAL AIRPORT
ADMINISTRATION BUILDING
SUITE 200
ALBANY, NEW YORK 12211-1057

TEL: 518-242-2222
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ALBANY COUNTY AIRPORT AUTHORITY

FINANCE COMMITTEE

AGENDA

November 16, 2020

1. **Acceptance of Minutes**
 - 1.1 **November 25, 2019**
2. **Review and Approve Final 2021 Operating Budget**

AGENDA ITEM NO. 1.1

**Acceptance of Minutes:
November 25, 2019**



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**Minutes of the Finance Committee Meeting
of the Albany County Airport Authority**

November 25, 2019

Pursuant to notice duly given and posted, the Finance and Administration Committee meeting of the Albany County Airport Authority was called to order on Monday, November 25, 2019 at 11:30 a.m. in the Third Floor Conference Room in the Main Terminal at the Albany International Airport, Albany, New York by the Finance Committee Chair, Tony Gorman, with the following present:

MEMBERS PRESENT

Tony Gorman (Chair, Committee)
Lyon M. Greenberg, M.D. (Committee Member)
Steven Heider (Committee Member)
Rev. Kenneth J. Doyle, (Ex Officio)
Kevin Hicks (Not a Committee Member)

MEMBERS ABSENT

STAFF

Michael Zonsius, Chief Financial Officer
Margaret Herrmann, Chief Accountant
Rima Cerrone, Budget Manager
Liz Charland, Administrative Services
Ray Casey, Airport Consultant

ATTENDEES

Joseph Scott, Partner - Hodgson Russ LLP
Eric Anderson, Times Union

1. Approve Minutes

Mr. Gorman stated that he had reviewed the minutes and they accurately reflect the discussions held at the November 26, 2018 Finance Committee meeting.

Mr. Heider moved to approve the November 26, 2018 minutes. The motion was adopted unanimously.

2. Presentation of Proposed Budget for 2020

Mr. Zonsius presented a memo outlining the changes that have been made from the 2020 Preliminary Budget to the proposed 2020 Final Budget.

Mr. Gorman moved to send the 2020 Budget to the full board for review and approval. The motion was adopted unanimously.

There being no further business, the meeting was adjourned at 12:15 p.m.



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ALBANY COUNTY AIRPORT AUTHORITY

FINANCE COMMITTEE

AGENDA

November 25, 2019

1. **Acceptance of Minutes**
 - 1.1 **Minutes - November 26, 2018**
2. **Review and Approve changes to 2020 Preliminary Operating Budget and recommend Final 2019 Operating Budget to Board**
3. **Review Draft Agenda Item for Adoption of the 2020 Operating Budget.**

AGENDA ITEM NO. 2

**Review and Approve Final 2021
Operating Budget**



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TO: ACAA Finance Committee Members
FROM: Michael F. Zonsius, CFO
Date: November 13, 2020
RE: Adoption of 2021 Operating Budget

INTRODUCTION

The Preliminary 2021 Operating Budget provided at the September 16 Board Meeting has been updated and revised. These revisions to the 2020 Preliminary Operating Budget have resulted in the following:

	Budget 2021 Draft #1	Inc / Dec	Budget 2021 Draft #2F
Revenues	\$45,659,611	\$ 592,826	\$46,252,437
Other Income	4,882,892	-	4,882,892
Contributed Capital	<u>10,686,104</u>	<u>4,300,840</u>	<u>14,986,944</u>
	\$61,228,607	4,893,666	\$66,122,273
Operating Expenses	(37,093,775)	(927,514)	(38,021,289)
Debt Service	(10,130,800)	-	(10,130,800)
Capital Expenditure	<u>(13,961,104)</u>	<u>(3,650,840)</u>	<u>(17,611,944)</u>
	<u>(61,185,679)</u>	<u>(4,578,354)</u>	<u>(65,764,033)</u>
	42,928	315,312	358,240

ECONOMIC DRIVERS

There are three airport economic drivers: enplanements, operations, and cargo. The primary economic driver is enplanement activity which affects parking and concession revenues, and ultimately airline revenue (landing fees, terminal and apron rents, and passing boarding bridge fees). To a much lesser extent, the general aviation operations (a landing or takeoff) will affect Fixed Based Operator (FBO) revenues vis-a-vie fuel purchases. Cargo is the third airport economic driver that will influence cargo aircraft landings, and to a very small extent, apron revenue.

ECONOMIC DRIVERS, continued

Due to the pandemic, enplanements have obviously been affected, and at draconian levels. Based on available information, 2021 enplanement levels are projected at 920,000, a decrease of 580,000 enplanements from 2019. Accordingly, the budget has been prepared using this reduced projection.

Budget	2020 Budget	2020 incr/(decr)	Variance incr/(decr)	Percentage
Enplanements	1,500,000	920,000	(580,000)	(38.670%)
Operations	60,943	50,000	(10,943)	(17.96%)
Cargo (tons)	19,018	21,500	2,482	13.05%

SUMMARY OF REVENUES AND EXPENSES

Exhibit A, Budget Summary, provides a comparison of 2019 Actual, 2020 Budget, 2019 Projected, and 2021 Budgeted amounts, in addition to the actual and percentage variance from the 2020 Budget.

Airport and Fixed Base Operator

Airport Operating Revenue \$37,845,505

Total Budget 2021 Airport Revenues decreased \$6,011,682 or 13.7% from the prior year.

Airfield Charges, \$7,855,815

Airfield Charges are revenues derived from landing fees (\$5,406,779), apron fees and various lease activity from within the perimeter fence that separates airside from landside activities.

Terminal Rentals, \$6,676,549

Terminal Rental fees for airlines (\$5,524,721), TSA, and other non-airline tenants. Terminal fees also include rent for Passenger Boarding Bridges.

Concessions, \$4,369,764

Fees charges for rental car services (\$2,998,600), food and beverage (\$451,200), retail (\$405,200) and advertising (\$150,000).

Ground Transportation, \$10,589,115

Revenue derived from parking operations (\$10,214,952) and Transportation Network Carriers (UBER/Lyft)

Other Airport, \$3,354,324

Lease revenue derived from land, building, and hangars.

CARES Act, \$5,000,000

In 2020, the Authority was awarded \$15,277,000 in Coronavirus Aid, Relief, and Economic Security (CARES Act) funding, of which \$5,000,000 is budgeted for collection in Budget 2021.

Airport Operating Expense \$30,300,678

More so than in previous years, the Airport operating activities have been separated from those of the FBO activities. The segregation allows for a better financial understanding of each entity based on its own activities.

Total Budget 2021 Airport Budget Expenses decreased \$34,389 from the prior year. However, this decrease did include the addition of a \$900,000 contingency amount. Airport operating expense includes all expenses that relate to the day-to-day operations of the airport and comprise; Personnel Salaries, Wages and Benefits; Utilities & Communications, Purchased Services, Materials & Supplies, Offices, Administration and Noncapital Equipment.

Personnel Salaries, Wages and Benefits, \$15,032,027

Similar to other types of service provider industries, Personnel Salaries, Wages and Benefits comprises 49.60% of the operating budget. In comparison with the prior year, it was 45.4% of the operating budget. Employee Benefits are combined with Personnel Salaries and Wages as these costs are a necessary and direct cost for each employee. Total benefit costs are approximately 49.6% of total salaries and wages (51.1% in B2020).

Personnel Salaries, Wages and Benefits are driven by the staffed positions of the three entities included within the Authority's budget shown as follows on the next page:

	Budgeted Staffed Positions		
	2019 Budget	incr/(decr)	2020 Budget
AvPORTS, LLC (1)	161	(4)	157
Million Air	35	(2)-	33
ACAA	<u>22</u>	<u>-</u>	<u>22</u>
	218	(6)	212

(1) Modified for part time employees

Utilities & Communication, \$2,019,385

Utilities & Communications expenses include those for electrical, natural gas, and telephone services, and, internet and cable television.

Purchased Services, \$4,865,897

Purchased (Contractual) Services include those fees for risk management, legal, appraisal, engineering, advertising and janitorial. The decrease

Materials & Supplies, \$4,486,781

Materials & Supplies are commodity type expenses consumable within one year that include, snow removal/deicing materials, lighting supplies, runway painting supplies, fire retardant foam, and supplies for vehicles/equipment and building maintenance. Previously, the largest component in this category would have been the combined cost of Jet A, Avgas, and automobile fuels necessary to operate the FBO. These costs are now included in the FBO section along with aircraft deicing materials.

Airport Operating Expense \$30,300,678, continued

Offices, \$1,872,088

Office expenses include computer hardware & support, payroll services, office supplies, outside printer services, and office equipment rental. The increase is due to the inclusion of a contingency account in the amount of \$900,000

Non-Capital Equipment, \$2,024,501

Non-Capital Equipment includes expenditures for equipment that is below a \$50,000 threshold or does not qualify as a capital expenditure.

FBO Operating Revenue \$8,406,872

Total Budget 2021 FBO Revenues decreased \$1,498,425 or 15.1% from the prior year.

FBO Revenues, \$8,406,872

FBO Revenues are derived from the operation of the Fixed Base Operator (FBO) and include fees for the fueling (\$5,259,794) and deicing of aircraft (\$1,299,580).

FBO Operating Expenses \$7,720,611

Total Budget 2021 FBO Expenses decreased \$735,315 or 8.7% from the prior year.

FBO Expenses, \$7,720,611

FBO Expenses are driven by the number of fuel gallons, and to a lesser extent deicing gallons sold. In 2021, JetA fuel sold is expected to decline to 1,000,000 gallons at a budget price of \$2.71 per gallon.

Other Income \$4,882,892

Other Income (or Non-Operating Income), \$4,882,892

Other Income predominantly includes Passenger Facility Charge revenue that is derived from enplaning passengers. This fee is charged when air travel is purchased and is assessed at \$4.50 per enplaning passenger.

Debt Service, \$10,130,800

Debt Service includes principal and interest on seven series of outstanding Authority bond debt issues, in addition to bond issuance cost.

Capital Expenditures, \$17,611,944

Capital expenditure includes costs those expenditures for infrastructure, equipment, and rehabilitations that generally have a useful life of greater than five years.

Contributed Capital, \$14,986,944

Contributed capital includes those grant funds received for the reimbursement of capital expenditures..

AIRLINE RATES AND CHARGES

Exhibit B provides the 2021 Airline Rates and Charges based on the budgeted Airport revenues, expenses, debt service and other charges.

The 2021 Operating Budget will result in an Airline Capital Contribution of \$3,300,000. This is based on discussions with the Signatory Airlines and the anticipated 2021 Airline Use Agreement. Funds remaining for Revenue Sharing between the Signatory Airlines and the Airport will be \$434,545 of which \$217,272 will go to the Airlines. The 2020 Operating Budget provides for a debt service coverage ratio of 1.49 a decrease from a projected ratio of 1.77 for 2020.

The rates and charges shown above for 2021 Operating Budget are dependent upon actual Airport activities, revenues and expenses not being significantly different from amounts anticipated. Although there is a decrease of \$284,343 in the airfield rate base, the landing fee increased \$1.06 to \$4.11 as a result from a reduction in aircraft landed weight. A variance of \$1,065,907 in the terminal rate base will cause the terminal rental rate to decrease by \$7.84 per square foot.

PROJECTED 2020 END OF YEAR SETTLEMENT WITH AIRLINES

Based upon revenues and expenses compiled through September 30, 2020, the estimated 2020, revenues to be shared between the Airlines and the Airport Development is approximately \$346,642. The projected settlement amount is still subject to change based upon actual results through the remainder of the year.

ADOPTION OF 2020 OPERATING BUDGET

Based upon all of the above, the Operating Budget 2021 is anticipated to be recommended for adoption at the December 7, 2020 Board Meeting that will include the imposition of the proposed Airline rates and charges on January 1, 2020. The 2021 Operating Budget will require on-going monitoring and management during the course of 2021 and may require revision to address significant adverse developments. Upon adoption of the budget, Airline Rates and Charges can only be adjusted during the year under more limited circumstances which include: provisions for adjustment if revenues from rates and charges are projected to be off by more than ten (10) percent; a provision for adjustment if debt service coverage is projected to be less than one-hundred-twenty-five (125) percent of net revenues; or in accordance with a financing resolution adopted by the Authority.

**EXHIBT A
Budget Summary**

	Actual 2019	Budget 2020	Projection 2020	Budget 2021	Variance B21 vs B20	% Change
Airport Operating Revenues						
03 Airfield	\$7,415,784	\$7,221,551	\$5,495,727	\$7,855,815	\$634,263	8.78 %
07 Terminal	5,178,553	7,623,008	5,620,155	6,676,549	(946,459)	(12.42%)
11 Ground Transportation	16,935,009	16,918,187	7,224,826	10,589,115	(6,329,072)	(37.41%)
15 Concessions	8,468,849	7,803,242	3,829,233	4,369,764	(3,433,478)	(44.00%)
23 Other	3,307,853	4,291,259	3,322,433	3,354,324	(936,935)	(21.83%)
25 CARES Act	0	-	10,200,000	5,000,000	5,000,000	- %
	<u>41,306,048</u>	<u>43,857,247</u>	<u>35,692,374</u>	<u>37,845,565</u>	<u>(6,011,682)</u>	
Airport Operating Expenses						
Salaries Expense	(9,601,303)	(10,094,718)	(8,977,212)	(9,780,237)	314,481	(3.12%)
Other Employee Expenses	(5,321,913)	(5,411,877)	(5,055,152)	(5,251,790)	160,087	(2.96%)
Utilities	(1,878,658)	(2,002,618)	(1,879,398)	(2,019,385)	(16,767)	0.84 %
Purchased Services	(6,243,172)	(6,498,033)	(5,603,171)	(4,865,897)	1,632,136	(25.12%)
Material & Supplies	(5,031,994)	(4,691,953)	(4,337,033)	(4,486,781)	205,171	(4.37%)
Office/Administration	(2,866,542)	(1,240,863)	(2,296,095)	(1,872,088)	(631,225)	50.87 %
Non-Capital Equipment	(368,951)	(395,006)	(84,676)	(2,024,501)	(1,629,495)	412.52 %
	<u>(31,312,534)</u>	<u>(30,335,067)</u>	<u>(28,232,737)</u>	<u>(30,300,678)</u>	<u>34,389</u>	
	<u>9,993,514</u>	<u>13,522,180</u>	<u>7,459,638</u>	<u>7,544,887</u>	<u>(5,977,293)</u>	
FBO Revenues						
	<u>10,426,891</u>	<u>9,905,297</u>	<u>6,828,450</u>	<u>8,406,872</u>	<u>(1,498,425)</u>	(15.13%)
	10,426,891	9,905,297	6,828,450	8,406,872	(1,498,425)	
FBO Expenses						
Salaries Expense	(1,504,385)	(1,526,693)	(1,358,052)	(1,512,599)	14,094	(0.92%)
Other Employee Expenses	(554,064)	(513,954)	(559,693)	(489,129)	24,825	(4.83%)
Utilities	(79,072)	(89,305)	(75,840)	(78,872)	10,433	(11.68%)
Purchased Services	(500,349)	(543,600)	(559,127)	(608,116)	(64,517)	11.87 %
Material & Supplies	(5,625,581)	(5,567,202)	(3,413,407)	(4,865,289)	701,913	(12.61%)
Office/Administration	(196,848)	(215,172)	(144,283)	(166,605)	48,567	(22.57%)
	<u>(8,460,299)</u>	<u>(8,455,926)</u>	<u>(6,110,403)</u>	<u>(7,720,611)</u>	<u>735,315</u>	
	1,966,592	1,449,371	718,047	686,261	(763,110)	
Other Expenses	(355,163)	-	(88,981)	-	0	- %
Other Income	8,993,386	5,510,741	5,232,101	4,882,892	(627,849)	(11.39%)
Debt Service	(4,376,633)	(11,008,820)	(11,040,553)	(10,130,800)	878,020	(7.98%)
Capital Expenditure	(36,531,663)	-	(13,500,000)	(17,611,944)	(17,611,944)	- %
Contributed Capital	25,142,535	-	12,014,233	14,986,944	14,986,944	- %
	<u>(7,127,538)</u>	<u>(5,498,079)</u>	<u>(7,383,200)</u>	<u>(7,872,908)</u>	<u>(2,374,829)</u>	
	<u>(7,127,538)</u>	<u>(5,498,079)</u>	<u>(7,383,200)</u>	<u>(7,872,908)</u>	<u>(2,374,829)</u>	
	<u>\$4,832,568</u>	<u>\$9,473,471</u>	<u>\$794,485</u>	<u>\$358,240</u>	<u>(\$9,115,232)</u>	

EXHIBIT B

**Albany County Airport Authority
Rates and Charges Summary**

	Audited 2019	Budget 2020	Projected 2020	Budget 2021	Projected 2020 vs. Budget 2021	Budget 2020 vs Budget 2021
Landing Fee Rate						
Signatory	\$2.75	\$3.05	\$2.38	\$4.11	72.7%	34.8%
Billing Rate						
Non-Signatory	\$3.44	\$3.81	\$2.98	\$5.14	72.7%	34.8%
Landing Fee Surcharge						
Apron Fee Rate - Annual	\$1.16	\$1.35	\$1.23	\$1.51	22.8%	11.9%
Terminal Rental Rate - Annual						
Signatory	\$90.57	\$84.97	\$62.31	\$77.13	23.8%	-9.2%
Billing Rate						
Non-Signatory	\$113.21	\$106.21	\$77.89	\$96.41	23.8%	-9.2%
Tenant Rate - Annual	\$45.29	\$42.49	\$31.16	\$38.57	23.8%	-9.2%
Loading Bridge Rate - Annual	\$40,948	\$51,078	\$30,020	\$38,872	29.5%	-23.9%
Low Volume Carrier terminal charge per EPAX	\$6.56	\$6.27	\$10.98	\$9.09	-17.3%	44.9%
Cost per Enplanement						
Airport CPE (after revenue sharing)	\$5.90	\$6.44	\$12.81	\$12.04	-6.1%	87.0%
FBO CPE	\$1.98	\$1.71	\$2.82	\$2.23	-21.0%	30.5%
Total Cost per Enplanement	<u>\$7.89</u>	<u>\$8.14</u>	<u>\$15.63</u>	<u>\$14.27</u>	-8.8%	75.1%
Debt Service Coverage	1.78	1.81	1.43	1.45	1.7%	-19.6%
Enplanements						
Signatory	1,455,868	1,434,195	611,641	903,392	47.7%	-37.0%
Non Signatory	63,101	65,805	24,786	36,608	47.7%	-44.4%
Total	<u>1,518,969</u>	<u>1,500,000</u>	<u>636,427</u>	<u>940,000</u>	47.7%	-37.3%
Commercial Landed Weights						
Signatory	1,607,335	1,617,547	1,076,198	1,086,960	1.0%	-32.8%
Non Signatory	60,463	62,409	44,415	44,859	1.0%	-28.1%
Total	<u>1,667,798</u>	<u>1,679,956</u>	<u>1,120,613</u>	<u>1,131,819</u>	1.0%	-32.6%
Cargo Landed Weights	167,895	167,835	167,835	169,391	0.9%	0.9%
Funds Remaining						
ACAA	<u>\$7,349,666</u>	<u>\$6,126,728</u>	<u>\$346,642</u>	<u>\$434,545</u>	25.4%	-92.9%
Air Service Incentive Costs	2,185,230	2,063,364	-526,679	-182,728	-65.3%	-108.9%
Airlines	1,489,603	1,000,000	700,000	400,000	-42.9%	-60.0%
	3,674,833	3,063,364	173,321	217,272	25.4%	-92.9%
1 cent on the landing fee = approx.	\$18,537	\$18,665	\$13,026	\$13,155	1.0%	-29.5%
1 dollar on the terminal rate = approx.	\$135,986	\$135,985	\$135,985	\$135,985	0.0%	0.0%

