

# Burbank-Glendale-Pasadena Airport Authority

## FY 2016/2017 Budget and Budget Overview

ADOPTED JUNE 20, 2016

**BURBANK-GLENDALE-PASADENA AIRPORT AUTHORITY  
ADOPTED FY 2016/2017 ("FY 2017") BUDGET**

**SOURCES OF FUNDS: SUMMARY**

	<b>Adopted Budget FY 2017</b>	<b>Adopted Budget FY 2016</b>	<b>\$ Change</b>
Rentals	\$13,140,000	\$13,325,000	(\$185,000)
Parking	20,175,000	19,385,000	790,000
Concessions	8,560,000	8,340,000	220,000
Landing Fees	2,950,000	2,929,000	21,000
Investment Income	2,100,000	1,450,000	650,000
Other Revenues	1,520,000	1,200,000	320,000
<b>Total Operating Revenues</b>	<b>\$48,445,000</b>	<b>\$46,629,000</b>	<b>\$1,816,000</b>
PFC Revenues / Reserves	\$8,009,065	\$4,493,563	\$3,515,502
AIP / Other Grants	16,275,935	5,356,937	10,918,998
Facility Development Reserve Funds	7,680,000	4,624,500	3,055,500
CFC Fees: 2012 Bond Issue	5,040,000	4,920,000	120,000
Facility Rent - RAC: 2012 Bond Issue	793,563	916,555	(122,992)
Facility Rent - RAC: Loan Principal	322,498	305,807	16,691
<b>Total Nonoperating Sources</b>	<b>\$38,121,061</b>	<b>\$20,617,362</b>	<b>\$17,503,699</b>
<b>Total</b>	<b>\$86,566,061</b>	<b>\$67,246,362</b>	<b>\$19,319,699</b>

**USES OF FUNDS: SUMMARY**

	<b>Adopted Budget FY 2017</b>	<b>Adopted Budget FY 2016</b>	<b>\$ Change</b>
Bond P & I (2012 Issue)	\$5,833,563	\$5,836,555	(2,992)
Bond P & I (2015 Issue)	4,563,950	4,301,450	262,500
<b>Subtotal Debt Service</b>	<b>10,397,513</b>	<b>10,138,005</b>	<b>259,508</b>
Operations and Maintenance	41,353,040	39,887,441	1,465,599
<b>Total Operating Expenses</b>	<b>\$51,750,553</b>	<b>\$50,025,446</b>	<b>\$1,725,107</b>
Facility Improvements			
Noise Mitigation / Abatement	\$500,000	\$105,000	\$395,000
Other Improvements	26,865,000	13,295,000	13,570,000
Development	4,600,000	1,075,000	3,525,000
<b>Total Improvement Program</b>	<b>\$31,965,000</b>	<b>\$14,475,000</b>	<b>\$17,490,000</b>
Additional O & M Reserve	\$366,400	\$373,859	(\$7,459)
Facility Dev. Fund Reimbursement	\$322,498	\$305,807	\$16,691
Parking Tax	\$2,161,610	\$2,066,250	\$95,360
<b>Total</b>	<b>\$86,566,061</b>	<b>\$67,246,362</b>	<b>\$19,319,699</b>

**BURBANK-GLENDALE-PASADENA AIRPORT AUTHORITY  
ADOPTED FY 2016/2017 ("FY 2017") BUDGET  
OPERATIONS & MAINTENANCE ("O & M") EXPENDITURES**

<b>ACCT #</b>	<b>DESCRIPTION</b>	<b>ADOPTED BUDGET FY 2017</b>	<b>ADOPTED BUDGET FY 2016</b>	<b>\$ AMOUNT CHANGE</b>
8000	Regular Wages	\$2,568,249	\$2,513,485	\$54,764
8012	Overtime Wages	310,000	295,000	15,000
8100	Sick Leave	222,032	213,341	8,691
8102	Vacation	238,770	226,344	12,426
8103	Payroll Taxes	262,973	257,969	5,004
8104	Workers' Compensation Insurance	440,000	540,000	(100,000)
8105	Group Insurance	339,318	261,801	77,517
8106	State Unemployment Insurance	5,000	5,000	0
8109	Holiday	174,608	175,129	(521)
8110	Employee Retirement Plan	225,263	220,364	4,899
8111	Employee Medical Opt Out	37,800	43,200	(5,400)
8115	FSA Admin.	900	600	300
8120	Certification Pay	44,100	42,600	1,500
8125	Training Pay	11,700	11,700	0
8200	Office Supplies	63,250	63,250	0
8202	Periodicals, Maps and Pamphlets	9,700	9,400	300
8204	Printing and Binding	14,100	15,050	(950)
8206	Special Office / Other Supplies	89,700	102,245	(12,545)
8208	Postage	15,790	15,790	0
8210	Office / Noise Equipment Service	140,500	154,825	(14,325)
8212	Copy Machine Lease	15,000	12,500	2,500
8214	Office Equipment Rent	700	700	0
8216	Photographic Expense	3,300	1,800	1,500
8252	Recruitment Expense	40,000	35,000	5,000
8254	Membership Dues	109,000	109,000	0
8256	Uniform Expense	79,650	81,100	(1,450)
8258	Commission Meeting	198,000	198,000	0
8260	Conference Meeting	87,750	90,750	(3,000)
8261	Training Expense	247,310	248,810	(1,500)
8302	Fuel, Oil and Lubricants	465,000	750,000	(285,000)
8303	Low Value Communications Equipment	13,000	12,700	300
8304	Low Value Machinery / Equipment	31,500	28,500	3,000
8305	Low Value Furniture / Fixtures	24,500	22,300	2,200
8306	Vehicle Repair / Maintenance Supplies	63,500	98,000	(34,500)
8308	General Repair / Maintenance	135,500	105,500	30,000
8316	Shop Supplies	75,550	77,550	(2,000)
8318	Electrical Supplies	68,250	68,750	(500)
8320	Plumbing, Heating and Air Conditioning	78,875	78,875	0
8322	Building / Construction Supplies	99,250	103,250	(4,000)
8324	Telephone Expense	325,000	267,000	58,000
8326	Communications Maintenance	48,700	53,200	(4,500)
8332	Industrial Chemical Supplies	12,500	12,500	0
8334	Operating / Maintenance Equipment Lease	49,300	58,900	(9,600)

**BURBANK-GLENDALE-PASADENA AIRPORT AUTHORITY  
ADOPTED FY 2016/2017 ("FY 2017") BUDGET  
OPERATIONS & MAINTENANCE ("O & M") EXPENDITURES**

<b>ACCT #</b>	<b>DESCRIPTION</b>	<b>ADOPTED BUDGET FY 2017</b>	<b>ADOPTED BUDGET FY 2016</b>	<b>\$ AMOUNT CHANGE</b>
8335	Other Leases / Rentals	\$36,000	\$36,000	\$0
8336	Utility – Gas	37,000	37,000	0
8338	Utility – Electric	1,575,000	1,555,000	20,000
8340	Utility – Water	395,000	357,370	37,630
8341	Sign Repair and Maintenance	69,500	59,100	10,400
8342	Landscaping Expense	195,500	195,500	0
8344	Paint Expense	115,100	115,100	0
8604	ARFF Services	3,030,992	2,755,025	275,967
8606	Tenant Janitorial Services	490,000	474,250	15,750
8607	Janitorial Services	720,000	707,500	12,500
8608	Refuse Collection	140,000	128,000	12,000
8610	Contractual Building Repair	149,750	157,750	(8,000)
8612	Contractual Systems Repair	842,850	876,660	(33,810)
8620	Contractual Vehicle Maintenance	425,000	674,000	(249,000)
8622	Other Contracted O & M Costs	896,635	714,975	181,660
8625	Contractual Parking Ops. (Self-Park / Valet)	4,690,000	6,600,000	(1,910,000)
8626	Contractual Transportation Services	2,350,000	0	2,350,000
8702	Noise Consultants	66,000	57,600	8,400
8704	Legal Services	650,000	650,000	0
8706	Audit Services	110,000	110,000	0
8708	Professional Management Services	12,140,450	11,318,794	821,656
8709	Engineering Services	60,000	60,000	0
8710	Financial Services	808,000	690,000	118,000
8711	Other Professional Services	1,362,400	1,326,665	35,735
8715	Environmental Services	44,500	48,000	(3,500)
8804	Bad Debt Expense	4,000	4,000	0
8816	Insurance	1,450,000	1,550,000	(100,000)
8818	Public Relations / Advertising	113,000	100,000	13,000
8819	Air Service Retention and Development	375,000	375,000	0
8822	Licenses, Permits and Fees	118,275	124,624	(6,349)
8825	Uninsured Loss	10,000	10,000	0

<b>TOTAL O &amp; M EXPENSES</b>	<b>\$40,954,840</b>	<b>\$39,549,691</b>	<b>\$1,405,149</b>
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**O & M EQUIPMENT AND PROJECTS**

9010	Vehicles / Equipment	\$297,700	\$105,000	\$192,700
9022	Other Machinery / Equipment	49,500	93,000	(43,500)
9024	Furniture / Fixtures	10,000	79,750	(69,750)
9026	Office Equipment / Systems	41,000	60,000	(19,000)

<b>TOTAL O &amp; M EQUIPMENT / PROJECTS</b>	<b>\$398,200</b>	<b>\$337,750</b>	<b>\$60,450</b>
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<b>TOTAL OPERATIONS AND MAINTENANCE</b>	<b>\$41,353,040</b>	<b>\$39,887,441</b>	<b>\$1,465,599</b>
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**Burbank-Glendale-Pasadena Airport Authority**  
**ADOPTED FY 2016/2017 ("FY 2017") - Facility Improvement Program ("Capital") Budget**

PRIORITY CODE / PROJECT DESCRIPTION		Cost	Funded By PFC	Funded By Grant	*1 Airport Share
<b>BUILDING IMPROVEMENTS</b>					
H	Building #36 Server Room: Phase 1 & 2 Upgrades	\$ 1,000,000	\$ 800,000	\$ -	\$ 200,000
H	Hangar #34 Roof	500,000	-	-	500,000
H	Maintenance Dept. Electrical Service Upgrades	300,000	-	-	300,000
H	Terminal High Voltage Electrical Upgrades	250,000	175,000	-	75,000
H	HVAC Replacement: Bldg. #9 (\$125K); Maint. (\$35K)	160,000	-	-	160,000
H	Terminal Security Improvements	100,000	100,000	-	-
H	Furnace Replacement: Building #10	90,000	-	-	90,000
M	Elevator Rehabilitation: Building #10	150,000	105,000	-	45,000
M	LED Conversion: (Terminal, Skyroom, Lobby, Parking)	125,000	-	-	125,000
M	Elevator Rehabilitation: Short Term Parking Structure	65,000	-	-	65,000
M	Minor Building Improvements	250,000	-	-	250,000
<b>TOTAL BUILDING IMPROVEMENTS</b>		<b>\$ 2,990,000</b>	<b>\$ 1,180,000</b>	<b>\$ -</b>	<b>\$ 1,810,000</b>
<b>OTHER IMPROVEMENTS</b>					
H	Emergency Back-up Generator Replacement ( <i>completion</i> )	\$ 400,000	\$ 280,000	\$ -	\$ 120,000
H	Reclaimed Water Connection and Hydrant	105,000	-	-	105,000
H	Wildlife Mitigation: Hangar #35 ( <i>multi-year</i> )	60,000	60,000	-	-
M	Storm Drain Filter Installation ( <i>multi-year</i> )	50,000	50,000	-	-
M	Airport Branding: Infrastructure and Sign Modifications	250,000	-	-	250,000
<b>TOTAL OTHER IMPROVEMENTS</b>		<b>\$ 865,000</b>	<b>\$ 390,000</b>	<b>\$ -</b>	<b>\$ 475,000</b>
<b>IT / COMMUNICATIONS / SECURITY</b>					
H	Access Control / IET Replacement	\$ 1,200,000	\$ 1,200,000	\$ -	\$ -
H	DVSS SAN Replacement / Other Upgrades	1,075,000	1,075,000	-	-
H	Network Switches	75,000	-	-	75,000
M	Fiber Optic Installation: Phase 7	340,000	-	340,000	-
M	Upgrade Phone / Voicemail System	150,000	-	-	150,000
<b>TOTAL IT / COMMUNICATIONS / SECURITY</b>		<b>\$ 2,840,000</b>	<b>\$ 2,275,000</b>	<b>\$ 340,000</b>	<b>\$ 225,000</b>
<b>EQUIPMENT</b>					
H	Maintenance Equipment	\$ 250,000	\$ 250,000	\$ -	\$ -
H	Replacement Wash Pad	25,000	-	-	25,000
M	Express Lanes Parking (4)	100,000	-	-	100,000
<b>TOTAL EQUIPMENT</b>		<b>\$ 375,000</b>	<b>\$ 250,000</b>	<b>\$ -</b>	<b>\$ 125,000</b>
<b>RUNWAY / TAXIWAY / ROADWAY PROJECTS</b>					
H	Runway 8-26, 15-33 Rehabilitation Design ( <i>completion</i> )	\$ 100,000	\$ 19,410	\$ 80,590	\$ -
H	Runway 8-26 and EMAS Rehabilitation	17,000,000	3,299,700	13,700,300	-
H	RPZ Land Acquisition: Hollyona Property	1,800,000	349,380	1,450,620	-
H	Obstruction Removal ( <i>multi-phase</i> )	250,000	48,525	201,475	-
H	Paving Replacement: Empire west of Clybourn Avenue	150,000	-	-	150,000
H	Blast Fence: Clybourn Avenue ( <i>completion</i> )	100,000	100,000	-	-
M	Parking Improvements	300,000	-	-	300,000
M	Paving Rehabilitation: Wash Rack	95,000	-	-	95,000
<b>TOTAL RUNWAY / TAXIWAY / ROADWAY</b>		<b>\$ 19,795,000</b>	<b>\$ 3,817,015</b>	<b>\$ 15,432,985</b>	<b>\$ 545,000</b>
<b>NOISE MITIGATION</b>					
M	Residential Acoustical Treatment Program ( <i>multi-year</i> )	\$ 500,000	\$ 97,050	\$ 402,950	\$ -
<b>TOTAL NOISE MITIGATION</b>		<b>\$ 500,000</b>	<b>\$ 97,050</b>	<b>\$ 402,950</b>	<b>\$ -</b>
<b>DEVELOPMENT</b>					
H	Replacement Terminal Project ( <i>multi-year</i> )	\$ 4,500,000	\$ -	\$ -	\$ 4,500,000
M	Transportation Planning	100,000	-	100,000	-
<b>TOTAL DEVELOPMENT</b>		<b>\$ 4,600,000</b>	<b>\$ -</b>	<b>\$ 100,000</b>	<b>\$ 4,500,000</b>
<b>TOTAL FACILITY IMPROVEMENT PROGRAM</b>		<b>\$ 31,965,000</b>	<b>\$ 8,009,065</b>	<b>\$ 16,275,935</b>	<b>\$ 7,680,000</b>

\*1 The FY 2017 budget utilizes reserves previously set aside in the Facility Development Fund to cover the Airport share of capital project costs.

## **Budget Overview: Fiscal Year 2016/2017 (“FY 2017”)**



### **INTRODUCTION:**

With oil prices lower over the past year, the national economy improving in certain areas and a noticeable rise in the demand for air travel, the airline industry has rebounded in its ability to plan and institute new air service across the nation. Air services increases to Hollywood Burbank Airport began this year with the introduction of Southwest Airlines service to San Francisco with additional air service schedule to begin to Dallas Love Field and Portland International Airport in the summer and fall respectively. American Airlines and United Airlines have up-gauged the aircraft utilized on routes servicing BUR and Alaska Airlines recently announced thrice daily service between BUR and San Jose International Airport starting in March of 2017. These changes come as the airlines, which remain vigilant over their cost structure and capacity deployment, are again exercising self-control and reducing overall capacity and monitoring the timing of new fleet deliveries.

The positive trends in passenger activity that began last year continue with a 1.7% increase April FYTD over prior year (FY 2015) and a 3.9% increase over the two year ago (FY 2014) levels. In previous years, scheduled air service cuts due to a lack of demand or re-deployment of aircraft to other higher yield routes were experienced. With the rebound in the Southern California economy, the increase in ground congestion at Los Angeles International Airport due to the significant levels of construction scheduled through 2024, passenger activity levels are beginning to display a consistent level of improvement at the Hollywood Burbank Airport.

Setting aside the planned program allocation of funds from airport reserves included in the proposed budget for the proposed 14-gate Replacement Passenger Terminal, Staff recommends to the Commission that it continue the Authority's conservative approach to the financial program that is focused on maximizing revenues, careful monitoring of costs and expenditures and dedicating resources to maintain safe, secure, and convenient facilities for the travelling public and Airport tenants. The adopted FY 2017 Budget programs the utilization of Facility Development Reserves to fund capital infrastructure projects. This will support the Authority's ability to retain a stable airline rates and charges base during the public deliberations on the proposed Replacement Passenger Terminal. And in conjunction with airline service and passenger demand development, an amount of appropriations equal to the previous fiscal year are included in the FY 2017 Budget to begin to address the implementation of the Airport's marketing and rebranding effort.

## **BUDGET APPROACH:**

- **Overview**

The Airport's business philosophy continues to maintain a strong commitment to providing low and stable airline rates and charges. Challenges that were identified last year continue into this fiscal year and impact the development of the FY 2017 budget as identified below:

- Although year-over-year passenger levels have once again modestly increased at BUR, the economy is still in recovery and the Airport remains susceptible to fluctuations that may impact revenues, expenses and demand for air travel.
- The Authority is challenged to wisely and economically invest resources to maintain a safe, secure, convenient and operational Terminal facility until a replacement terminal facility is completed (8-10 year time horizon). This year's adopted capital program continues to address infrastructure projects that can no longer be deferred and are required to maintain the operation of the current terminal facilities over the next ten years.
- The reduction in rental revenues due to the termination of B-6 Trust property leases.

In April 2016 the Authority closed on the sale of the B-6 Trust and Kenwood Lot properties resulting in an approximate \$65 million addition to the Airport's Facility Development Reserve fund. The FY 2017 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. This provides the ability to balance the 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.

Maintaining stable airline rates and charges for the upcoming fiscal year is intended to reinforce the Airport's commitment to foster continued positive growth. Operational costs remain one of the key factors in airlines consideration for route and schedule development. The airlines have informed us that the low Cost per Enplaned Passenger ("CPE") at BUR continues to be a significant positive factor in their decision making process.

Other key factors during FY 2017 include:

- Development of a proposed Replacement Passenger Terminal
- Implementation and marketing of the Airport's new brand name
- Upcoming negotiations for Police and Fire collective bargaining agreements
- Continued focus on recovery of passenger activity and air service
- Major rehabilitation of Runway 8/26 during the first half of the fiscal year

## **FY 2017 BUDGET: OVERVIEW BY CATEGORY**

### **I. FY 2017 Operating Revenues**

FY 2017 Operating revenues are programmed to total \$48,445,000, an increase from the FY 2016 budget levels of \$1,816,000 (3.9%).

Below is a summary and highlights of projected operating revenues:

#### **FY 2017 Operating Revenues: Summary**

<b>Rentals</b>	<b>\$ 13,140,000</b>
<b>Parking</b>	<b>20,175,000</b>
<b>Concessions</b>	<b>8,560,000</b>
<b>Landing Fees</b>	<b>2,950,000</b>
<b>Investment Income</b>	<b>2,100,000</b>
<b>Other Revenues</b>	<b>1,520,000</b>
<b>Total Operating Revenues</b>	<b>\$ 48,445,000</b>

#### **Rentals: \$13,140,000**

Rental revenues have been programmed at \$185,000 less than the FY 2016 budget levels. The decrease is attributed primarily to the termination by DreamWorks of their hangar lease (annual revenue approximately: \$550,000) effective April 2016. Since April, DreamWorks has requested, and the Commission approved, that they be placed on a month-to-month lease status pending their move of operations to Van Nuys Airport. DreamWorks has since remitted notice to the Authority that they will be relocating their operations at the end of June. No revenue from this month-to-month status has been included in the FY 2017 budget. The overall decrease from tenant loss has been mitigated somewhat by the addition of new leases (i.e. JetSuite: annual revenue: \$170,944) and contractual CPI increase adjustments to existing leases realized during FY 2016.

Staff is currently evaluating available hangar space and reviewing the competitive rental market at other general aviation airports to determine if adjustments to lease rates need to be made.

In summary, this line item is 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 2017 CPI increases.

**FY 2017 Operating Revenues - continued**

**Parking: \$20,175,000**

Revenues have been forecasted at \$790,000 higher than last year based on the following:

1) Increase in passenger activity realized during FY 2016:	\$240,000
2) Increase anticipated from variable rate pilot program:	\$250,000
3) Additional revenue from recently awarded additional parking lot space agreements:	\$300,000

The total forecasted amount of \$20,175,000 is subject to the City of Burbank's 12% Parking Tax requirement. An amount of \$2,161,610 has been budgeted to be remitted to the City during FY 2017.

**Concessions: \$8,560,000**

This category includes revenues from rental car agencies, food/beverage, gift/news, advertising and other ancillary concessionaires. The FY 2017 budget is programmed \$220,000 more than last year. This increase is partially driven by an approximate \$94,000 increase in the MAG (minimum annual guarantee) from the gift/news concession contract with HG Burbank JV (Hudson). The balance of the increase results from the inclusion of additional revenues anticipated to be generated through food/beverage and rental car concessions due to elevated passenger activity. Also, terminal concessionaires continue to undertake efforts to improve per-enplaned passenger sales through product line modifications and other changes.

**Landing Fees: \$2,950,000**

Some of the air carriers serving BUR have announced and inaugurated new air service to and from the Airport. 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, landing fees are being budgeted conservatively, essentially flat to the prior year level.

**Investment Income: \$2,100,000**

Investment income has been forecasted at \$650,000 higher than the FY 2016 budget levels primarily due to the increase in the investment portfolio balance resulting from the sale of the B-6 Trust and Kenwood Lot properties in April 2016. It is expected that the portfolio will continue to be subject to low reinvestment yield opportunities resulting from monetary policy action by the Federal Reserve. Reinvestments must also 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 2017 interest amount from this loan is \$223,931 and the principal payback to the Authority is \$322,498.

**FY 2017 Operating Revenues - continued**

**Other Revenues: \$1,520,000**

This category, programmed at \$320,000 over the prior year budget, primarily includes fuel flowage fees, off airport access fees and film location revenues. The increase in this line item is due to the strong level of film location revenues realized over the past year, the inclusion of TSA LEO reimbursement and a forecasted amount of \$75,000 pertaining to the planned FY 2017 implementation of a TNC drop off fee program including the establishment of a TNC geofence for additional revenue capture.

Figure 1 below depicts the projected FY 2017 Operating Revenues by category:

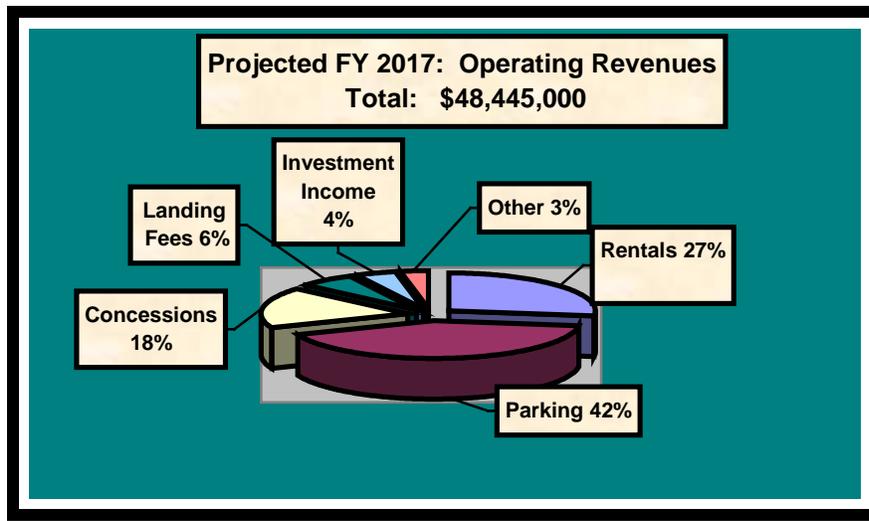
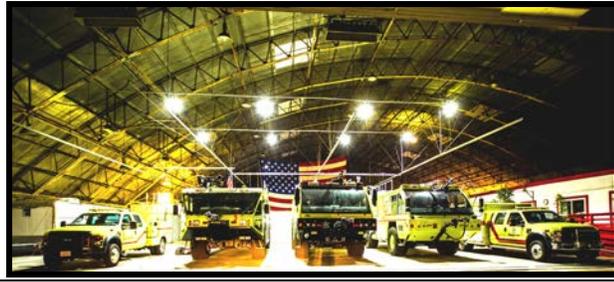


Figure 1





## II. FY 2017 OPERATIONS AND MAINTENANCE (O & M) EXPENSES

The Operations and Maintenance (O & M) Budget totals \$41,353,040 an increase of \$1,465,599 (3.7%) from the FY 2016 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 \$4.9 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 current Memorandum of Understanding ("MOU") which went into effect February 2014. The MOU will expire January 31, 2017. The proposed FY 2017 budget was developed without any scheduled salary increases due to the unknown results of a renegotiated MOU (negotiations will take place over the next several months). Once a new contract is approved, any cost increases impacting Wages and Benefits will be identified and incorporated via a budget amendment if necessary.

The decrease in Workers' Compensation insurance (Account #8104) is based on the renewal premium estimate received from the Authority's broker (policy renewal date August 2016) and reflects the favorable result of an improved experience rate and employee job classification updates.

➤ **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 2017 budget was developed in accordance with the existing negotiated IAFF I-61 union agreement and includes wage increase adjustments as defined therein. This union agreement went into effect May 2015 and will expire June 30, 2017. Therefore, negotiations for a new agreement will be required during FY 2017. A schedule for these negotiations will be determined.

➤ **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 directed by the City of Burbank and the implementation of newer energy efficient technologies through such capital projects as the continued installation of LED lighting and the replacement of older HVAC infrastructure that has reached end-of-life.

**FY 2017 O & M EXPENSES – continued**

- **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 the management of the Authority’s self-park and valet operations. This amount reflects a reduction from the prior fiscal year due to the elimination of the shuttle bus operation from this contract. In mid FY 2016, the Authority awarded a contract to MV Transportation to provide turn-key shuttle bus fleet services. The end-of-life Authority owned bus fleet was subsequently sold and now MV Transportation provides both the operational personnel as well as newer, smaller, alternative energy efficient vehicles to more effectively support the Airport’s needs.

The contracted services agreement with Standard 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 the management of the self-park and valet operations, \$4,690,000 has been budgeted for this account based on the last several months of reduced expenditures experienced with the elimination of the shuttle bus operation from this contract.

- **Professional Management Services (TBI Contract): Account #8708**  
This line item represents the estimated FY 2017 costs (\$12,140,450) associated with the TBI Airport Management Inc. contract (not including ARFF services which are programmed separately in Account #8604). Account #8708 has been developed on the basis of providing for succession planning, sustainability and employee retention. It includes recommendations for certain key staffing changes, a provision for the Executive Director position, a merit allowance for non-represented employees, the required salary adjustments in compliance with the maintenance employee collective bargaining agreement and a retention allowance.

The chart below identifies the staffing position modifications for which appropriations have been included in the adopted FY 2017 Budget:

<b>FY 2017 Staffing Modifications</b>
<i>Additional Positions</i>
1) Director, Development Services
2) Airport Engineer
3) Airport Security Supervisor
4) Maintenance Supervisor
5) Airport Intern
<i>Upgraded Position</i>
1) Assistant Manager, Operations

**FY 2017 O&M EXPENSES – continued**

➤ **Insurance: Account #8816**

The Authority's insurance policies renew on July 1, 2016 therefore this line item reflects the anticipated premiums the Authority's broker has estimated for the FY 2017 period. This budget is reduced by \$100,000 from the FY 2016 budget due to the elimination of the Airport's previously owned shuttle bus fleet.

➤ **Air Service Retention/ Development: Account #8819**

This account is budgeted flat at \$375,000 and reflects the scope of services for efforts to retain/develop air service and recover passenger levels. This effort over the last few years has been comprised of several continuing initiatives which are the "Thanks Again" customer loyalty program (\$70,000); the marketing agreement with IMG College, LLC in which the Airport is "the official airport" of the Rose Bowl Stadium as well as sponsor for UCLA athletics (\$110,000); and continued outreach efforts to current/potential new air carriers (\$50,000) In FY 2016, appropriations were added in the amount of \$145,000 to continue evaluation and begin implementation of the Airport's geographic identification re-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 implementation of the "Hollywood Burbank" re-branding efforts. The marketing agreement with IMG College has just ended 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 2017 FACILITY IMPROVEMENT (CAPITAL) BUDGET**

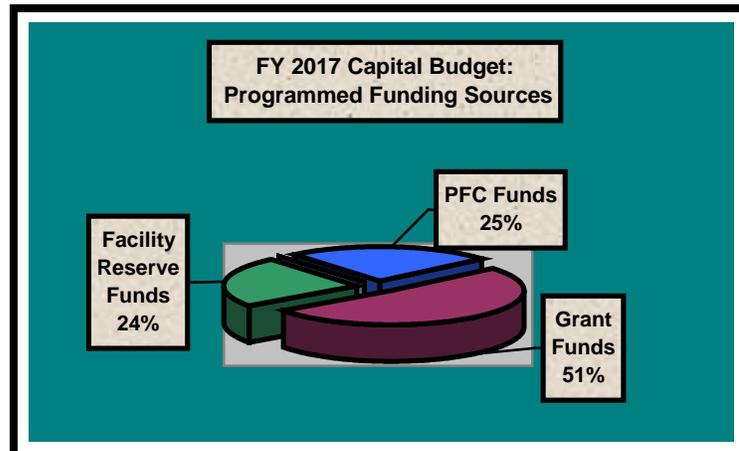
The total adopted FY 2017 Facility Improvement Budget of \$31,965,000 is comprised of various projects and improvements, and is distributed among the following major categories:

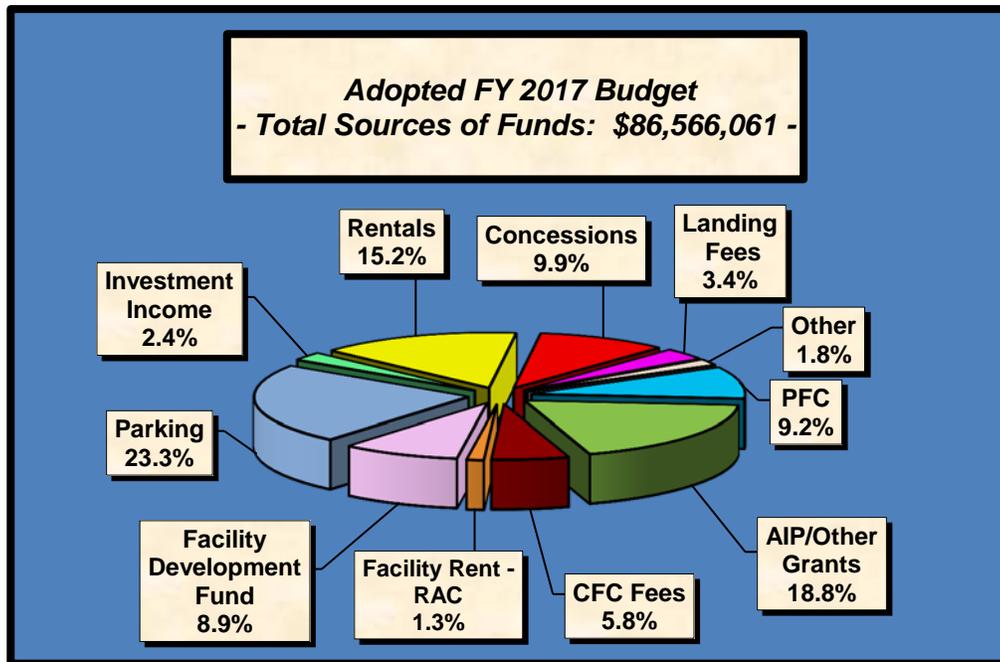
Category	Adopted FY 2017 Budget
Building Improvements	\$2,990,000
Other Improvements	865,000
IT / Communications / Security	2,840,000
Equipment	375,000
Runway / Taxiway / Roadway	19,795,000
Noise Mitigation and Abatement	500,000
Development	<u>4,600,000</u>
<b>Total FY 2017 Improvement Budget</b>	<b><u>\$31,965,000</u></b>

Six projects make up 83% of the total \$31,965,000 FY 2017 capital program. These are:

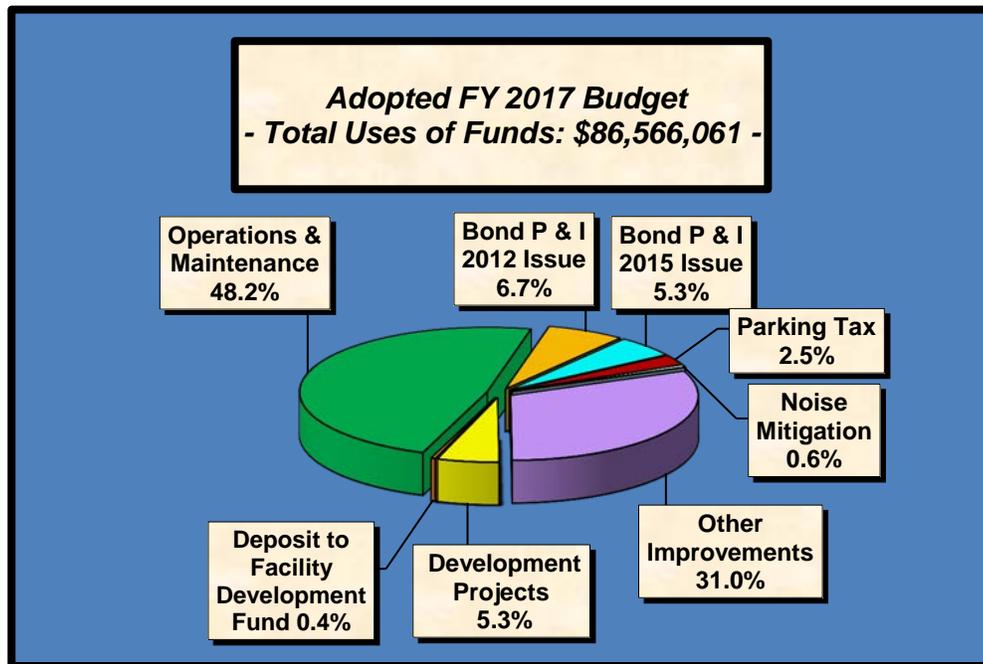
- Runway 8/26 and EMAS Rehabilitation: \$17,000,000
- Replacement Terminal Development: 4,500,000
- RPZ Land Acquisition – Hollyona Property: 1,800,000
- Access Control / IET Replacement: 1,200,000
- DVSS SAN Replacement / Other Upgrades: 1,075,000
- Building #36 Server Room Upgrades: 1,000,000

The chart below depicts the programmed funding sources for the adopted Capital Budget. Facility Development Reserves previously set aside are programmed 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	\$20,175,000	
Rentals	13,140,000	
Concessions	8,560,000	
Landing Fees	2,950,000	
Investment Income	2,100,000	
Other Revenues	1,520,000	
<b>Total Operating Revenues</b>		<b>\$48,445,000</b>
PFC Revenues / Reserves		8,009,065
AIP / Other Grants		16,275,935
Facility Development Fund		7,680,000
CFC Fees: To 2012 Bond Issue Debt Service		5,040,000
Facility Rent - RAC: To 2012 Bond Issue Debt Service		793,563
Facility Rent - RAC: Payment Loan Principal		322,498
<b>Total Programmed FY 2017 Funding Sources:</b>		<b><u>\$86,566,061</u></b>



<b>Uses of Funds: Summary</b>		
Bond Principal & Interest (2012 Issue)	\$5,833,563	
Bond Principal & Interest (2015 Issue)	4,563,950	
Operations & Maintenance (Includes Reserve Adj.)	41,719,440	
Parking Tax	<u>2,161,610</u>	
<b>Sub-Total</b>		<b>\$54,278,563</b>
<b>Facility Improvement Program</b>		
Noise Mitigation / Abatement	\$500,000	
Other Improvements	26,865,000	
Development Projects	<u>4,600,000</u>	
<b>Sub-Total</b>		<b>\$31,965,000</b>
Facility Development Fund Reimbursement		<u>\$322,498</u>
<b>Total Programmed FY 2017 Uses of Funds:</b>		<b><u><u>\$86,566,061</u></u></b>