Finance Committee Briefing
2019 First Half Results
Department of Aviation
July 31, 2019
2019 First Half Overview

**Total Aviation Sources** are up 4.0% or $700,000 from the first half of 2018 due to:
- An earlier reimbursement of property tax revenues equal to $497,500
- A reduction in Airline subsidy of $325,000

**Total Expenditures** are flat compared to 2018 and 9.8% below YTD 2019 budget:
- Personnel costs are down slightly from 2018 as costs are managed to revenue generation
- Contracts & Materials have declined 15.1%, or $1.0 million based on inflated 2018 parking costs related to 2017-Q4 activity

As of the end of the first half, total Sources exceeded Uses by $1.6 million

**Enplanements** during the first half of 2019 are down 1.7%
### 2019 First Half Overview

**Revenue & Other Sources**

<table>
<thead>
<tr>
<th></th>
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<th></th>
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<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Airline Revenue</strong></td>
<td>8.8</td>
<td>4.3</td>
<td>4.4</td>
<td>0.1</td>
<td>1.6%</td>
<td>4.3</td>
<td>4.4</td>
<td>0.1</td>
<td>3.2%</td>
</tr>
<tr>
<td>Parking</td>
<td>9.8</td>
<td>5.1</td>
<td>5.2</td>
<td>0.1</td>
<td>1.5%</td>
<td>5.1</td>
<td>5.2</td>
<td>0.0</td>
<td>0.7%</td>
</tr>
<tr>
<td>Rental Car Concessions</td>
<td>3.0</td>
<td>1.5</td>
<td>1.4</td>
<td>(0.1)</td>
<td>-5.1%</td>
<td>1.6</td>
<td>1.4</td>
<td>(0.2)</td>
<td>-12.2%</td>
</tr>
<tr>
<td>Concessions</td>
<td>1.7</td>
<td>0.8</td>
<td>0.9</td>
<td>0.0</td>
<td>5.4%</td>
<td>0.9</td>
<td>0.9</td>
<td>0.0</td>
<td>2.5%</td>
</tr>
<tr>
<td>Other Non-Airline Revenue</td>
<td>4.8</td>
<td>2.3</td>
<td>3.0</td>
<td>0.7</td>
<td>29.9%</td>
<td>2.4</td>
<td>3.0</td>
<td>0.6</td>
<td>25.5%</td>
</tr>
<tr>
<td>Interest and Other Revenue</td>
<td>0.4</td>
<td>0.2</td>
<td>0.3</td>
<td>0.2</td>
<td>83.2%</td>
<td>0.2</td>
<td>0.3</td>
<td>0.1</td>
<td>48.3%</td>
</tr>
<tr>
<td><strong>Total Non-Airline Revenue</strong></td>
<td>19.5</td>
<td>9.9</td>
<td>10.8</td>
<td>0.9</td>
<td>9.1%</td>
<td>10.2</td>
<td>10.8</td>
<td>0.6</td>
<td>5.7%</td>
</tr>
<tr>
<td>PFC and CFC Transfer</td>
<td>5.2</td>
<td>2.6</td>
<td>3.3</td>
<td>0.8</td>
<td>31.2%</td>
<td>3.3</td>
<td>3.3</td>
<td>(0.0)</td>
<td>0.0%</td>
</tr>
<tr>
<td><strong>Total Sources</strong></td>
<td>33.5</td>
<td>16.8</td>
<td>18.6</td>
<td>1.8</td>
<td>10.5%</td>
<td>17.8</td>
<td>18.6</td>
<td>0.7</td>
<td>4.0%</td>
</tr>
<tr>
<td>Use of Cash Reserve</td>
<td>1.8</td>
<td>0.0</td>
<td>0.0</td>
<td>0.0</td>
<td>0.0%</td>
<td>0.0</td>
<td>0.0</td>
<td>0.0</td>
<td>0.0%</td>
</tr>
<tr>
<td><strong>Total Sources &amp; App. Fund Balance</strong></td>
<td>35.4</td>
<td>16.8</td>
<td>18.6</td>
<td>1.8</td>
<td>10.5%</td>
<td>17.8</td>
<td>18.6</td>
<td>0.7</td>
<td>4.0%</td>
</tr>
<tr>
<td><strong>Expenditures &amp; Other Uses</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Personnel</td>
<td>14.2</td>
<td>7.2</td>
<td>7.1</td>
<td>0.2</td>
<td>2.4%</td>
<td>7.1</td>
<td>7.1</td>
<td>(0.0)</td>
<td>-0.7%</td>
</tr>
<tr>
<td>Contracts, Materials &amp; Other Uses</td>
<td>12.8</td>
<td>6.4</td>
<td>5.8</td>
<td>0.6</td>
<td>10.1%</td>
<td>6.8</td>
<td>5.8</td>
<td>(1.0)</td>
<td>-15.1%</td>
</tr>
<tr>
<td>Capital Equipment</td>
<td>0.3</td>
<td>0.3</td>
<td>0.0</td>
<td>0.2</td>
<td>91.2%</td>
<td>0.0</td>
<td>0.0</td>
<td>(0.0)</td>
<td>-14.0%</td>
</tr>
<tr>
<td>Capital Projects</td>
<td>0.9</td>
<td>0.9</td>
<td>0.9</td>
<td>0.0</td>
<td>0.0%</td>
<td>0.0</td>
<td>0.9</td>
<td>0.9</td>
<td>0.0%</td>
</tr>
<tr>
<td>Debt Service-Interest</td>
<td>3.5</td>
<td>1.7</td>
<td>1.7</td>
<td>0.1</td>
<td>3.6%</td>
<td>1.6</td>
<td>1.7</td>
<td>0.1</td>
<td>6.5%</td>
</tr>
<tr>
<td>Debt Service-Principal</td>
<td>3.7</td>
<td>2.3</td>
<td>1.5</td>
<td>0.7</td>
<td>32.3%</td>
<td>1.4</td>
<td>1.5</td>
<td>0.2</td>
<td>11.9%</td>
</tr>
<tr>
<td><strong>Total Uses</strong></td>
<td>35.4</td>
<td>18.8</td>
<td>17.0</td>
<td>1.8</td>
<td>9.8%</td>
<td>16.9</td>
<td>17.0</td>
<td>0.1</td>
<td>0.5%</td>
</tr>
<tr>
<td><strong>Excess/Shortfall of Sources Over Uses</strong></td>
<td>0.0</td>
<td>(2.0)</td>
<td>1.6</td>
<td></td>
<td></td>
<td>0.9</td>
<td>1.6</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**Notes:**

1. Amounts may not sum due to rounding.
2. 2019 Budget includes adopted budget only and does not include prior year’s encumbrances.
3. Actuals include expenditures against current year appropriation and against prior year’s appropriation that carried forward.
4. The 2019 CFC operating transfer budget of $888,200 was inadvertently omitted from the original appropriation, but will be included in second revised appropriation and is reflected in this statement.
Airline Revenue Trends

Airline Revenue Comparison

- Airline Revenue is up 3.2% year-over-year.
- Landing fee revenue has increased as a result of lower subsidy to Allegiant Airlines and incentives ending. The Subsidy to Airfield Cost Center in 2019 is $390,800 compared to $715,400 in 2018.
- Airline Space Rent declined 1.0%, or $26,000 over the same time period in 2018.

<table>
<thead>
<tr>
<th>Airline Revenue</th>
<th>YTD 2017</th>
<th>YTD 2018</th>
<th>YTD 2019</th>
<th>18-19 $</th>
<th>18-19 %</th>
</tr>
</thead>
<tbody>
<tr>
<td>Landing Fees</td>
<td>$ 1,579,588</td>
<td>$ 1,770,948</td>
<td>$ 1,932,320</td>
<td>$ 161,372</td>
<td>9.11%</td>
</tr>
<tr>
<td>Terminal Airline Space Rent</td>
<td>$ 2,712,289</td>
<td>$ 2,497,034</td>
<td>$ 2,471,316</td>
<td>$(25,718)</td>
<td>-1.03%</td>
</tr>
<tr>
<td>Total Airline Revenue</td>
<td>$ 4,291,877</td>
<td>$ 4,267,982</td>
<td>$ 4,403,636</td>
<td>$ 135,654</td>
<td>3.18%</td>
</tr>
</tbody>
</table>
Airline / Non-Airline Revenue Trends

Airline / Non-Airline Comparison

- The ratio of Non-Airline Revenue to Airline Revenue is 71% to 29%.
- The Industry Standard is 67% to 33%.
- The compound annual rate of growth in Airline revenue is 2.4%, while Non-Airline revenue has declined at a rate of 1.6% over the period 2016-2019.

<table>
<thead>
<tr>
<th>Category</th>
<th>YTD 2016</th>
<th>YTD 2017</th>
<th>YTD 2018</th>
<th>YTD 2019</th>
<th>CAGR</th>
</tr>
</thead>
<tbody>
<tr>
<td>Airline Revenue</td>
<td>4,107,177</td>
<td>4,291,877</td>
<td>4,267,982</td>
<td>4,403,636</td>
<td>2.4%</td>
</tr>
<tr>
<td>Non-Airline Revenue</td>
<td>11,353,557</td>
<td>11,522,814</td>
<td>10,214,333</td>
<td>10,800,975</td>
<td>-1.6%</td>
</tr>
<tr>
<td>Total</td>
<td>15,460,735</td>
<td>15,814,691</td>
<td>14,482,315</td>
<td>15,204,611</td>
<td>-0.6%</td>
</tr>
</tbody>
</table>
Non-Airline Revenue Trends

Non-Airline Comparison

- Rental Car Concessions are down 12.2%, or $194,600 from YTD 2018 due to a decrease in the contract-specified minimum annual guaranteed (MAG) amounts, which started in July of 2018. Settle-up will occur next month.

- Interest & Other revenue climbed a significant 48.3%, or $111,800 due to the K-9 grant being funded earlier in 2019 than 2018.

- Miscellaneous Non-Airline revenue is up 25.5%, or $611,400 due to the earlier recovery of $497,500 in property taxes in 2019. (Revenues were recorded in July of 2018.)

<table>
<thead>
<tr>
<th>Non-Airline Revenue</th>
<th>2016 YTD</th>
<th>2017 YTD</th>
<th>2018 YTD</th>
<th>2019 YTD</th>
<th>CAGR</th>
</tr>
</thead>
<tbody>
<tr>
<td>Parking</td>
<td>5,906,654</td>
<td>5,418,792</td>
<td>5,130,446</td>
<td>5,167,051</td>
<td>-4.4%</td>
</tr>
<tr>
<td>Rental Car Concession</td>
<td>1,710,048</td>
<td>1,628,090</td>
<td>1,596,965</td>
<td>1,402,364</td>
<td>-6.4%</td>
</tr>
<tr>
<td>Concessions</td>
<td>716,514</td>
<td>861,063</td>
<td>852,864</td>
<td>874,236</td>
<td>6.9%</td>
</tr>
<tr>
<td>Interest &amp; Other</td>
<td>195,598</td>
<td>1,457,161</td>
<td>231,740</td>
<td>343,577</td>
<td>20.7%</td>
</tr>
<tr>
<td>Other Non-Airline Revenue</td>
<td>2,824,743</td>
<td>2,157,708</td>
<td>2,402,319</td>
<td>3,013,746</td>
<td>2.2%</td>
</tr>
<tr>
<td>Total</td>
<td>11,353,557</td>
<td>11,522,814</td>
<td>10,214,333</td>
<td>10,800,975</td>
<td>-1.6%</td>
</tr>
</tbody>
</table>
Expenditure Trends

Personnel Costs

- Personnel costs are 2.4% below budget and 0.7% below YTD 2018.
- Insurance costs are 19.1% higher than YTD 2018.
- Overtime has declined by 16.5% since YTD 2018.

<table>
<thead>
<tr>
<th>Personnel</th>
<th>YTD 2018</th>
<th>YTD 2019</th>
<th>$ Chg</th>
<th>% Chg</th>
</tr>
</thead>
<tbody>
<tr>
<td>Wages</td>
<td>4,459,150</td>
<td>4,385,558</td>
<td>(73,592)</td>
<td>-1.7%</td>
</tr>
<tr>
<td>Fringes</td>
<td>312,273</td>
<td>283,961</td>
<td>(28,312)</td>
<td>-9.1%</td>
</tr>
<tr>
<td>H.S.A.</td>
<td>297,000</td>
<td>297,000</td>
<td>-</td>
<td>0.0%</td>
</tr>
<tr>
<td>Insurance</td>
<td>790,437</td>
<td>941,427</td>
<td>150,990</td>
<td>19.1%</td>
</tr>
<tr>
<td>Overtime</td>
<td>479,873</td>
<td>400,843</td>
<td>(79,030)</td>
<td>-16.5%</td>
</tr>
<tr>
<td>Pension</td>
<td>771,423</td>
<td>754,445</td>
<td>(16,978)</td>
<td>-2.2%</td>
</tr>
<tr>
<td>Total</td>
<td>7,110,156</td>
<td>7,063,233</td>
<td>(46,922)</td>
<td>-0.7%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Month</th>
<th>2018 Cumulative Spend</th>
<th>2019 Cumulative Spend</th>
<th>$ Chg</th>
<th>% Chg</th>
</tr>
</thead>
<tbody>
<tr>
<td>January</td>
<td>1,474,474</td>
<td>1,445,777</td>
<td>(28,697)</td>
<td>-1.95%</td>
</tr>
<tr>
<td>February</td>
<td>2,554,331</td>
<td>2,548,885</td>
<td>(5,446)</td>
<td>-0.21%</td>
</tr>
<tr>
<td>March</td>
<td>3,769,067</td>
<td>3,792,764</td>
<td>23,697</td>
<td>0.63%</td>
</tr>
<tr>
<td>April</td>
<td>4,813,024</td>
<td>4,822,168</td>
<td>9,144</td>
<td>0.19%</td>
</tr>
<tr>
<td>May</td>
<td>5,821,850</td>
<td>6,045,809</td>
<td>223,959</td>
<td>3.85%</td>
</tr>
<tr>
<td>June</td>
<td>7,110,156</td>
<td>7,063,233</td>
<td>(46,923)</td>
<td>-0.66%</td>
</tr>
<tr>
<td>July</td>
<td>8,160,601</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>August</td>
<td>9,380,989</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>September</td>
<td>10,406,252</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>October</td>
<td>11,486,103</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>November</td>
<td>12,767,530</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>December</td>
<td>13,826,710</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
Expenditure Trends

Contract & Materials
• Contracts & Materials are 15.1% lower than 2018. 2018 Contracts expenses were inflated by $750,000 due to the Q4-2017 parking services being paid in 2018.
• Other costs have been controlled in an effort to manage the organization's overall financial position.

<table>
<thead>
<tr>
<th>Contracts and Materials</th>
<th>YTD 2018</th>
<th>YTD 2019</th>
<th>$ Chg</th>
<th>% Chg</th>
</tr>
</thead>
<tbody>
<tr>
<td>Advertising</td>
<td>583,846</td>
<td>540,817</td>
<td>(43,029)</td>
<td>-7.4%</td>
</tr>
<tr>
<td>Indirect Cost Allocation</td>
<td>593,861</td>
<td>646,253</td>
<td>52,392</td>
<td>8.8%</td>
</tr>
<tr>
<td>Management &amp; Parking Contracts</td>
<td>3,034,822</td>
<td>1,932,287</td>
<td>(1,102,535)</td>
<td>-36.3%</td>
</tr>
<tr>
<td>Miscellaneous</td>
<td>42,963</td>
<td>64,405</td>
<td>21,442</td>
<td>49.9%</td>
</tr>
<tr>
<td>Office</td>
<td>3,222</td>
<td>633</td>
<td>(2,589)</td>
<td>-80.4%</td>
</tr>
<tr>
<td>Repair &amp; Maintenance</td>
<td>214,230</td>
<td>135,049</td>
<td>(79,181)</td>
<td>-37.0%</td>
</tr>
<tr>
<td>Supplies and Materials</td>
<td>487,709</td>
<td>572,186</td>
<td>84,477</td>
<td>17.3%</td>
</tr>
<tr>
<td>Taxes &amp; Insurance</td>
<td>702,499</td>
<td>671,892</td>
<td>(30,607)</td>
<td>-4.4%</td>
</tr>
<tr>
<td>Travel &amp; Training</td>
<td>52,302</td>
<td>62,834</td>
<td>10,532</td>
<td>20.1%</td>
</tr>
<tr>
<td>Utilities</td>
<td>1,089,061</td>
<td>1,149,331</td>
<td>60,270</td>
<td>5.5%</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>6,804,515</td>
<td>5,775,687</td>
<td>(1,028,828)</td>
<td>-15.1%</td>
</tr>
</tbody>
</table>
**Enplanements**

- American Airlines remains our largest commercial airline with approximately 45% of the total enplanements at DAY.
- Enplanements decreased 1.7% when compared to 2018 and 10.3% when compared to the same time period in 2017.

<table>
<thead>
<tr>
<th>Airline</th>
<th>YTD 2017</th>
<th>YTD 2018</th>
<th>YTD 2019</th>
<th>18-19 % Chg</th>
</tr>
</thead>
<tbody>
<tr>
<td>American</td>
<td>203,504</td>
<td>199,906</td>
<td>196,613</td>
<td>-1.6%</td>
</tr>
<tr>
<td>Delta</td>
<td>136,543</td>
<td>130,790</td>
<td>133,283</td>
<td>1.9%</td>
</tr>
<tr>
<td>United</td>
<td>79,681</td>
<td>88,749</td>
<td>90,797</td>
<td>2.3%</td>
</tr>
<tr>
<td>Southwest</td>
<td>44,518</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Alegiant</td>
<td>25,809</td>
<td>27,652</td>
<td>18,432</td>
<td>-33.3%</td>
</tr>
<tr>
<td>Charters</td>
<td>1,140</td>
<td>1,208</td>
<td>1,551</td>
<td>28.4%</td>
</tr>
<tr>
<td>Total</td>
<td>491,195</td>
<td>448,305</td>
<td>440,676</td>
<td>-1.7%</td>
</tr>
</tbody>
</table>
First Half Enplanement, Gross Parking Revenue & Gross Concessions
Revenue Trends

- Enplanements Count
- Concession Revenue $
- Parking Revenue $

2016 2017 2018 2019
First Half 2019 Highlights

• Total Sources are up 4% due to the timing of payment of property taxes. After adjusting for the timing difference, total sources are up about 1% due to the reduction in the Airfield Subsidy.

• Expenses are down during the first half and are $1.8 million below budget as a result of cost containment.

• Enplanements are down 1.7% from the same time in 2018 and 10.3% since 2017.

• The Department will have a balanced budget for 2019, with planned use of $1.8 million in reserves. Additional use of the reserve may be necessary for capital projects.