



Finance Committee Briefing

2019 Third Quarter Results

Department of Aviation

November 6, 2019



2019 Third Quarter Overview

Total Aviation Sources are down 3.7% or \$1 million due to:

- All Non-Airline categories are down, except concessions when compared to the first three-quarters of 2018.
- Rental car revenue is down as a result of a lower MAG payment from rental car concessions.
- Parking revenue is down due to lower enplanements.

Total Uses are up 7.5%, or \$2.0 million compared to 2018 and 8.4%, or \$2.6 million below YTD 2019 budget:

- Personnel costs are down 2.4% from 2018 as costs are managed to declining revenue generation.
- Contracts & Materials are down 4.5%, or \$440,000 based on a planned reduction of expenses.
- The funding for Capital Projects is up \$2.5 million year-over-year.

As of the end of the first three-quarters, total Uses exceeded Sources by \$2.8 million, which represents a use of fund balance.

Enplanements through the third Quarter of 2019 are down 1.5%.



2019 Third Quarter Overview

(In Millions)

Revenue & Other Sources	2019		Budget		Budget	2018	2019	18-19 \$	18-19 %
	Adjusted Budget	2019 YTD Budget	2019 YTD Actuals	Variance (\$)	Variance (%)				
Airline Revenue	8.8	6.6	6.6	0.0	0.7%	6.4	6.6	0.2	3.0%
Parking	9.8	7.4	7.3	(0.1)	-1.3%	7.5	7.3	(0.3)	-3.7%
Rental Car Concession	3.0	2.2	2.2	(0.0)	-1.8%	2.5	2.2	(0.4)	-14.3%
Concessions	1.7	1.2	1.3	0.1	4.3%	1.3	1.3	0.0	2.4%
Other Non-Airline Revenue	4.8	3.6	3.8	0.2	7.0%	3.9	3.8	(0.0)	-1.2%
Misc. Revenue	0.4	0.3	0.5	0.3	89.3%	0.6	0.5	(0.0)	-3.4%
Total Non-Airline Revenue	19.5	14.7	15.1	0.4	2.9%	15.8	15.1	(0.7)	-4.3%
PFC/CFC Transfer	5.5	4.5	3.3	(1.1)	-24.8%	3.8	3.3	(0.5)	-12.3%
Total Sources	33.9	25.7	25.1	(0.6)	-2.5%	26.0	25.1	(1.0)	-3.7%
Use of Cash Reserve	4.1	4.1	-			-	-		
Total Sources & App. Fund Balance	38.0	29.8	25.1			26.0	25.1	(1.0)	-3.7%
Expenditures & Other Uses									
Personnel	14.2	10.7	10.2	0.5	4.9%	10.4	10.2	(0.3)	-2.4%
Contracts, Materials & Other Uses	12.8	9.6	9.5	0.1	1.1%	9.9	9.5	(0.4)	-4.5%
Capital Equipment	0.3	0.2	0.1	0.2	75.4%	0.1	0.1	(0.0)	-7.6%
Capital Projects	3.5	3.5	3.4	0.1	1.9%	0.9	3.4	2.5	275.0%
Debt Service - Interest	3.5	3.1	2.4	0.7	21.6%	2.6	2.4	(0.1)	-4.6%
Debt Service - Principal	3.7	3.3	2.3	1.0	30.7%	2.1	2.3	0.2	12.0%
Total Uses	38.0	30.4	27.9	2.6	8.4%	25.9	27.9	2.0	7.5%
Excess/ (Shortfall) of Sources over Uses	-	(0.6)	(2.8)			0.1	(2.8)		

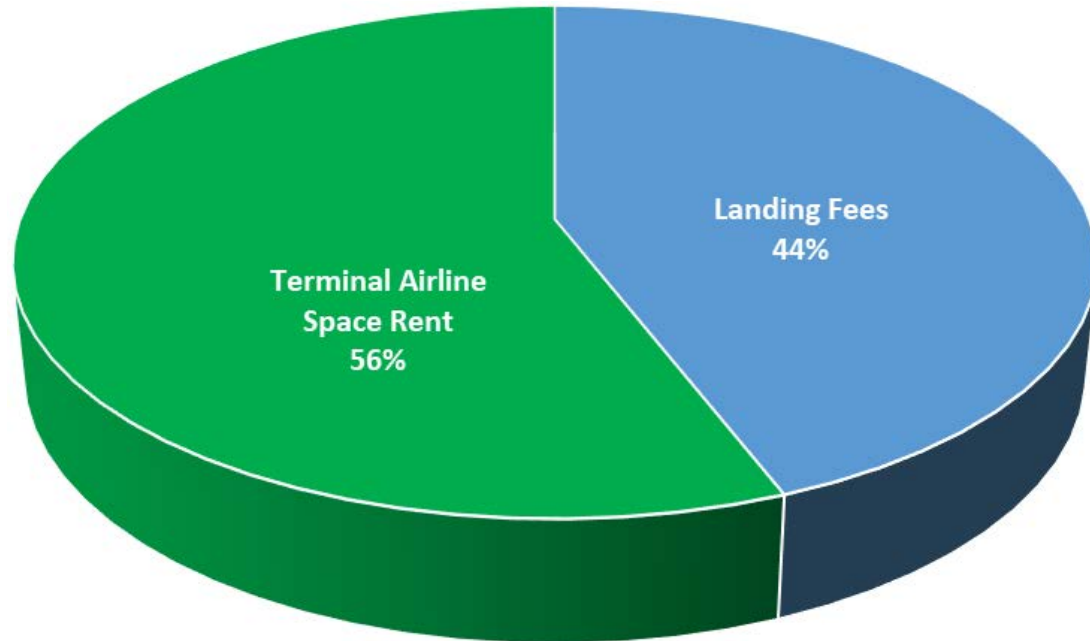
Notes:

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

Airline Revenue Trends

Airline Revenue Comparison

- Airline Revenue is up 3.0% year-over-year, as a result of a reduced level of subsidy to the airlines.
- After adjusting for the subsidies, Airline Revenues are down 1.8%, or \$131,000.
- The subsidy to Airfield Cost Center in 2019 is \$390,800 compared to \$715,400 in 2018.
- Landing fee revenue has increased as a result of air service incentives to Allegiant Airlines expiring.
- Airline Space Rent is flat over the same time period in 2018.

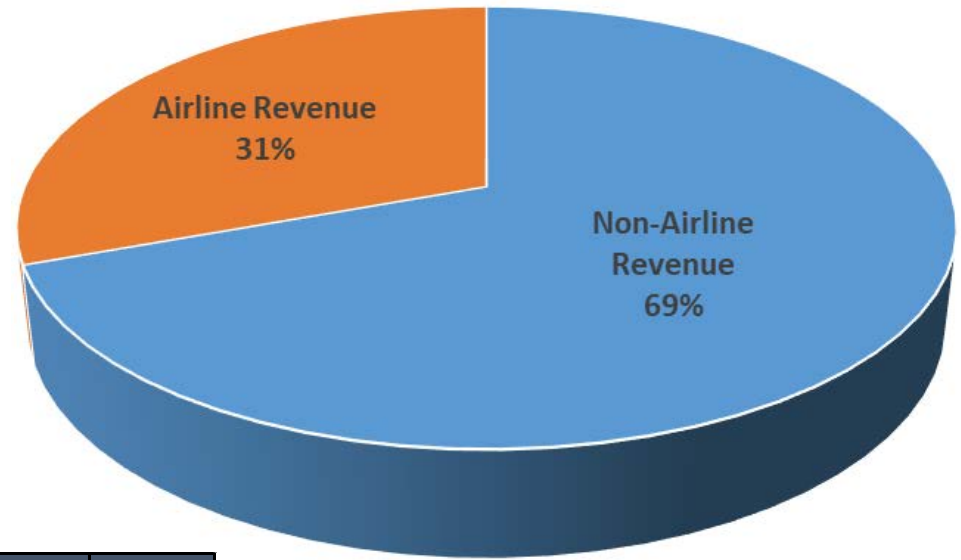


Airline Revenue	2017	2018	2019	18-19% Chg.
Landing Fees	2,700,296	2,742,498	2,930,074	6.8%
Terminal Airline Space Rent	3,950,018	3,707,087	3,713,105	0.2%
Total Airline Revenue	6,650,314	6,449,585	6,643,179	3.0%

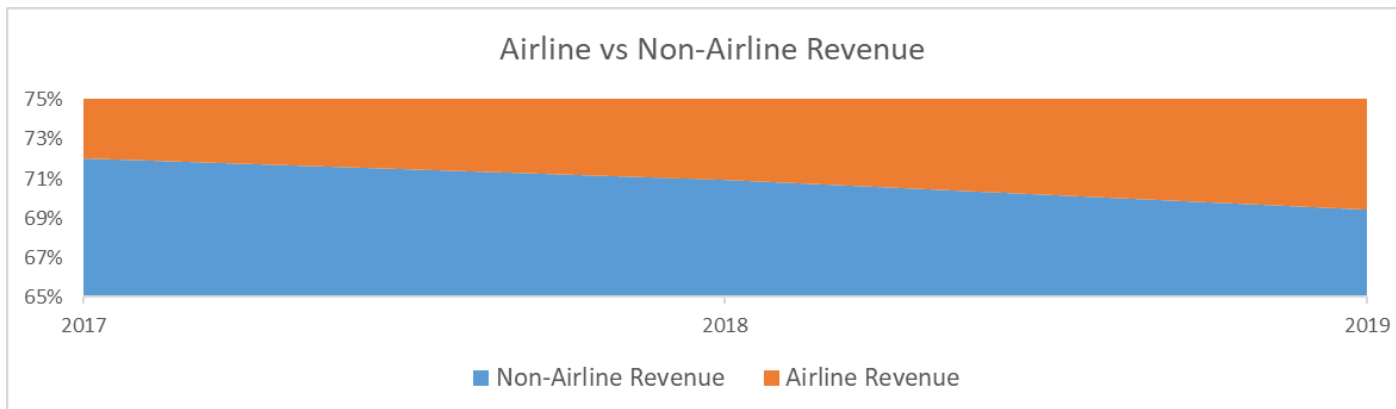
Airline / Non-Airline Revenue Trends

Airline / Non-Airline Comparison

- The ratio of Non-Airline Revenue to Airline Revenue is 69% to 31%.
- The Industry Standard is 67% to 33%.
- Airline Revenue has increased as a result of decreases in the level of subsidies, while non-airline revenue is down 4.3% year over year.



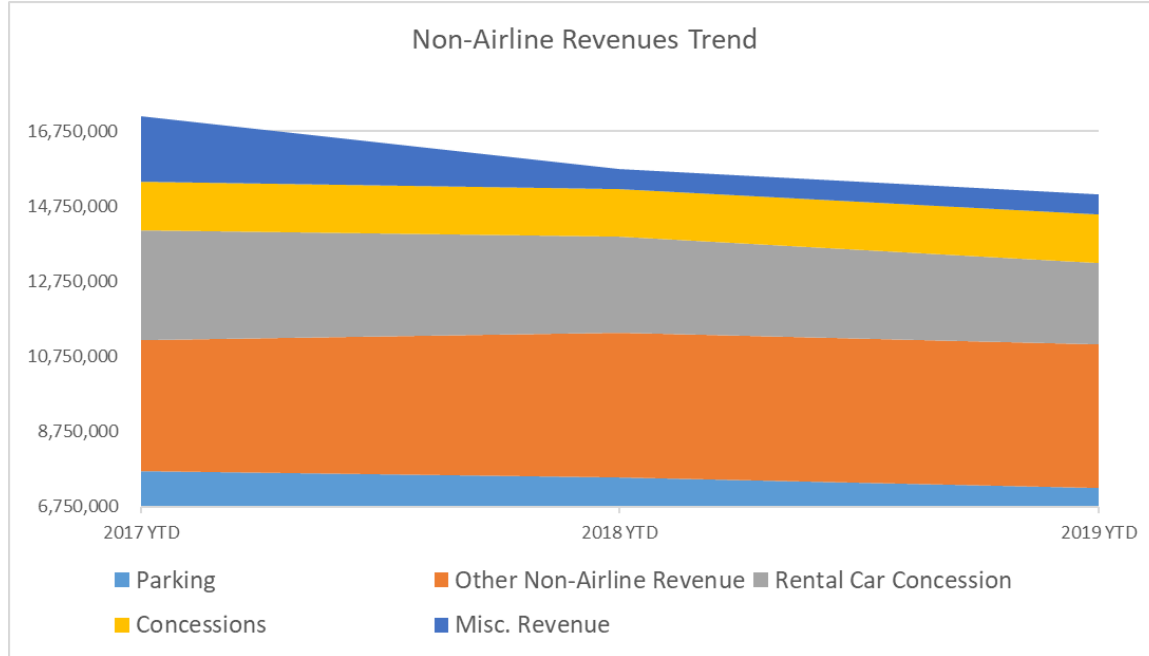
Category	2017	2018	2019	18-19 % Chg.
Non-Airline Revenue	17,146,220	15,751,212	15,074,895	-4.3%
Airline Revenue	6,650,314	6,449,585	6,643,179	3.0%
Total	23,796,534	22,200,797	21,718,075	-2.2%



Non-Airline Revenue Trends

Non-Airline Comparison

- Parking Revenues have declined 3.7% or \$281,000, year-over-year.
- Other Non-Airline revenue is down 1.2% or \$46,000. This includes \$16,000 decline in Fuel Flowage Fees and a \$63,000 decline in Ground Lease Revenue, offset by increases in Commercial Rent.
- Rental Car Concessions are down 14.3% from YTD 2018 due to a decrease in the contract-specified minimum annual guaranteed (MAG) payment, which started in July of 2018.
- Miscellaneous revenue declined 3.4% or \$18,800 since 3rd Quarter 2018.



Non-Airline Revenue	2017 YTD	2018 YTD	2019 YTD	18-19 % Chg.
Parking	7,686,684	7,534,726	7,254,628	-3.7%
Other Non-Airline Revenue	3,493,594	3,858,661	3,812,445	-1.2%
Rental Car Concession	2,917,425	2,539,131	2,177,239	-14.3%
Concessions	1,305,819	1,267,362	1,298,088	2.4%
Misc. Revenue	1,742,698	551,332	532,495	-3.4%
Total	17,146,220	15,751,212	15,074,895	-4.3%

Expenditure Trends

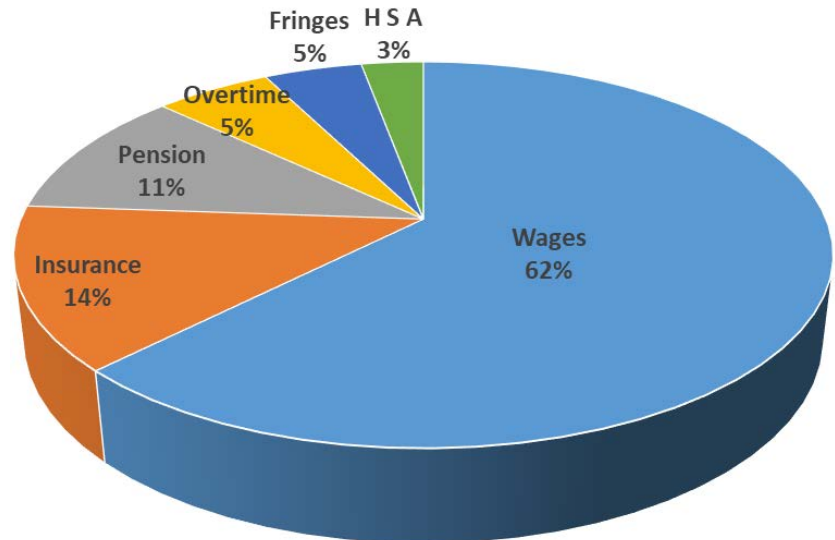
Personnel Costs

- Total Personnel costs are 2.4% below YTD 2018.
- Insurance costs are 11.8% higher than YTD 2018 due to the 24% increase in transfer rates that took effect in August of 2018 .
- As a result of declining revenues, overtime has been managed and is currently 18.5% lower than YTD 2018.

Month	2018 Cumulative Spend	2019 Cumulative Spend	\$ Chg	% Chg
January	1,474,474	1,445,777	(28,697)	-1.9%
February	2,554,331	2,548,885	(5,446)	-0.2%
March	3,769,067	3,792,764	23,697	0.6%
April	4,813,024	4,822,168	9,144	0.2%
May	5,821,850	6,045,809	223,959	3.8%
June	7,110,156	7,063,233	(46,923)	-0.7%
July	8,160,601	8,066,022	(94,579)	-1.2%
August	9,380,989	9,204,532	(176,457)	-1.9%
September	10,406,252	10,154,768	(251,484)	-2.4%
October	11,486,103			
November	12,767,530			
December	13,826,710			

Category	YTD 2018	YTD 2019	\$ Chg.	% Chg.
Wages	6,521,888	6,345,991	(175,897)	-2.7%
Insurance	1,238,753	1,385,232	146,479	11.8%
Pension	1,139,909	1,099,004	(40,906)	-3.6%
Overtime	684,140	557,733	(126,406)	-18.5%
Fringes	524,561	469,808	(54,753)	-10.4%
H S A	297,000	297,000	-	0.0%
Total	10,406,252	10,154,768	(251,484)	-2.4%

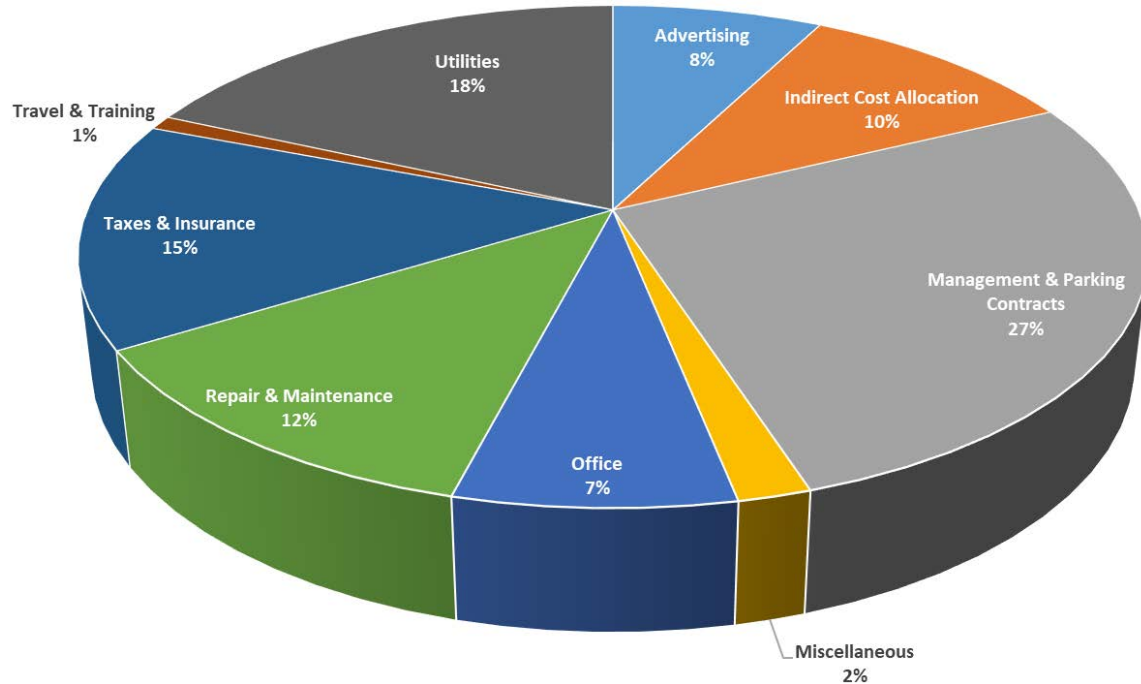
2019 YTD Personnel Costs



Expenditure Trends

Contracts & Materials

- Contracts & Materials are 4.5% lower than 2018. 2018 Contracts expenses were inflated by \$750,000 due to the Q4-2017 parking services payment being paid in 2018.
- Other costs have been controlled in an effort to manage the department's overall financial position.

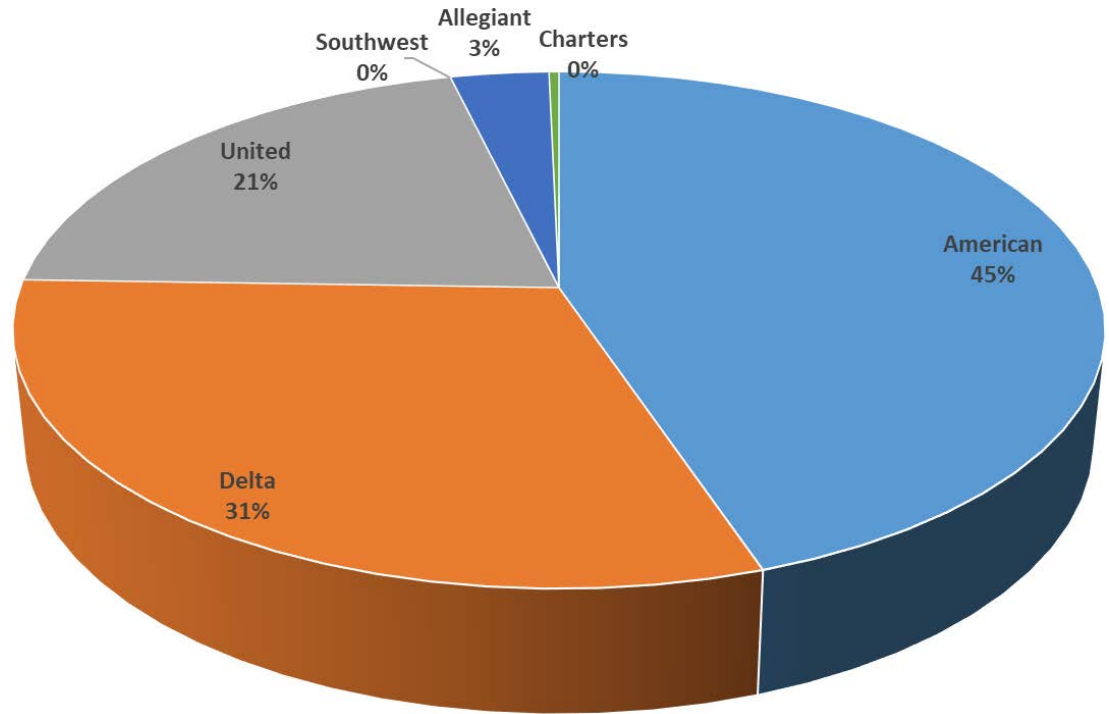


Category	2017 YTD	2018 YTD	2019 YTD	% Chg.
Advertising	420,900	795,700	719,300	-9.6%
Indirect Cost Allocation	819,337	890,792	969,380	8.8%
Management & Parking Contracts	3,219,878	3,296,374	2,576,791	-21.8%
Miscellaneous	196,621	245,145	177,929	-27.4%
Office	836,441	542,961	680,471	25.3%
Repair & Maintenance	1,194,494	1,025,475	1,152,538	12.4%
Taxes & Insurance	1,378,436	1,399,403	1,387,013	-0.9%
Travel & Training	76,562	84,171	85,605	1.7%
Utilities	1,487,647	1,643,104	1,730,753	5.3%
Totals	9,630,316	9,923,125	9,479,781	-4.5%

Enplanements

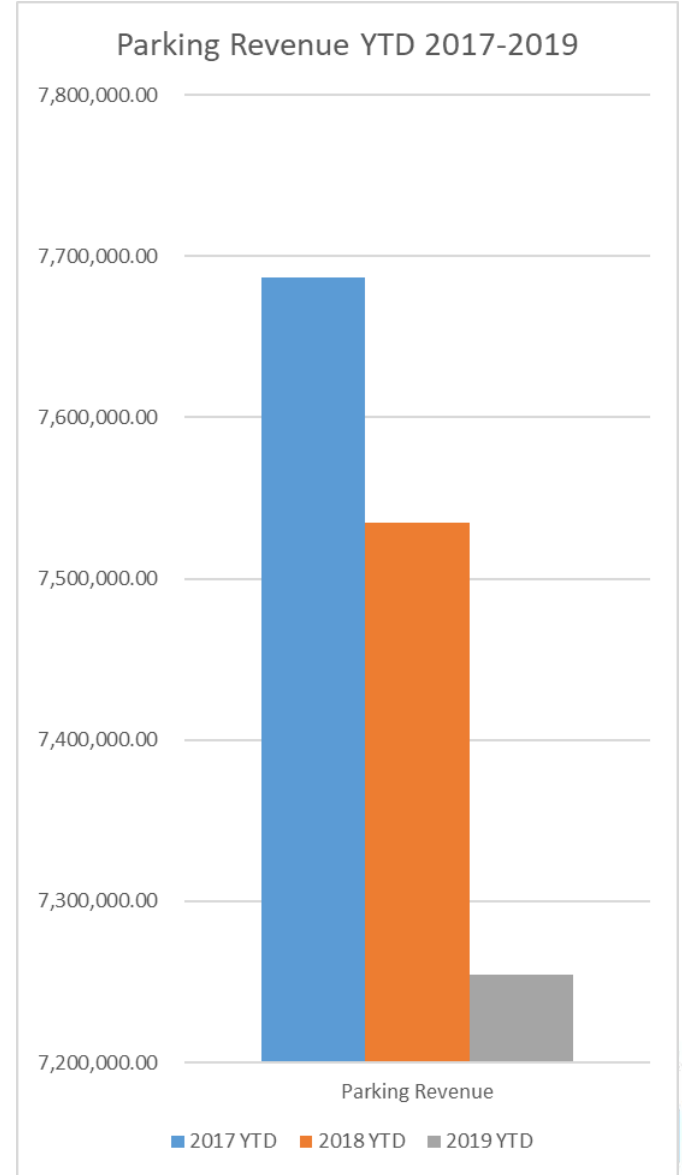
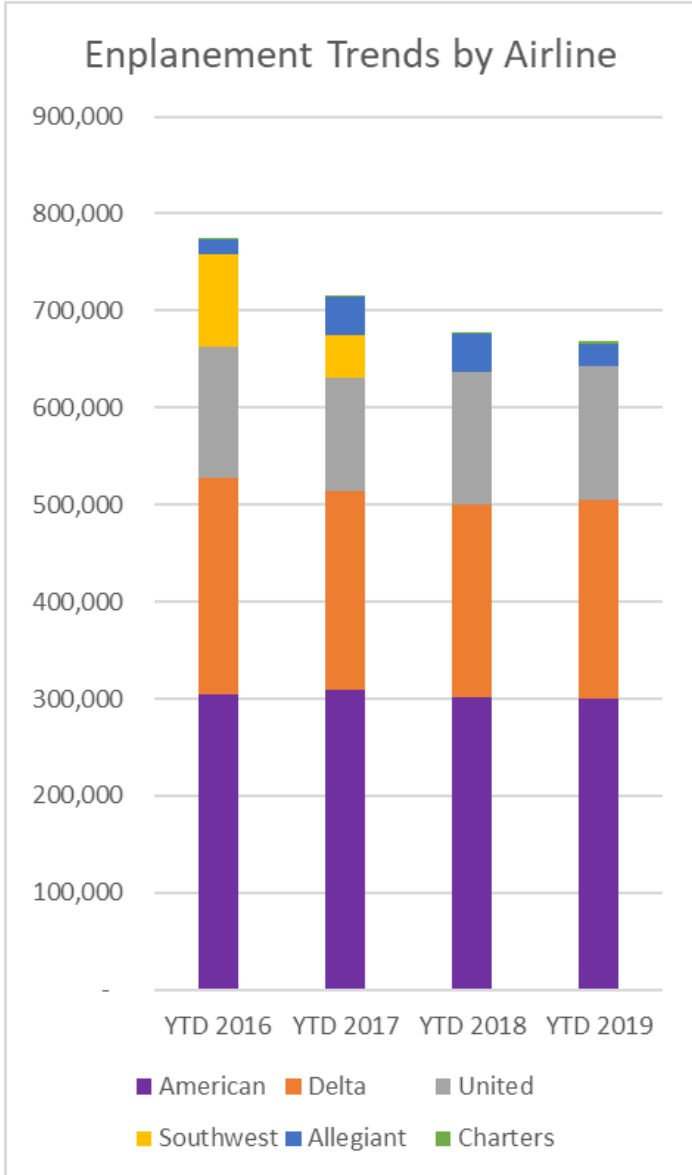
Enplanements

- American Airlines remains our largest commercial airline with approximately 45% of the total enplanements at DAY.
- Enplanements decreased 1.5% when compared to 2018 and 13.7% when compared to the same time period in 2016.



Airline	YTD 2016	YTD 2017	YTD 2018	YTD 2019	% Chg.
American	305,190	309,529	300,889	299,537	-0.4%
Delta	222,335	203,778	200,077	204,982	2.5%
United	134,764	117,610	136,467	138,600	1.6%
Southwest	96,255	44,518	-	-	0.0%
Allegiant	14,294	38,728	38,922	22,800	-41.4%
Charters	1,495	1,537	2,088	2,304	10.3%
Total	774,333	715,700	678,443	668,223	-1.5%

Third Quarter Enplanement, Gross Parking Revenue & Gross Concessions Revenue Trends



Third Quarter 2019 Highlights

- Total Sources are down 3.7%, or \$1.0 million due to declines in Non-Airline revenue.
- Enplanements decreased 1.5% when compared to 2018 and 13.7% when compared to the same time period in 2016.
- Expenses are up 7.5%, or \$2.0 million for the funding of various Capital projects initiated and completed in 2019.
- At the end of the third quarter, Uses exceed Sources by \$2.8 million. Debt service payments in the fourth quarter of 2019 will likely cause this deficit to increase.

DAY Capital Improvement Projects

