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# City of El Paso

## FY2014 City Manager's Proposed Budget

*Department of Aviation*





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# Mission Statement

*Provide customers with a safe, efficient airport, operating in an environmentally conscious and self-sustaining manner.*

# Vision

*To promote El Paso International Airport as the premier international gateway for air transportation and distribution through partnerships, customer service and innovation.*





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### **Department Goals**

- Grow the Core Business of Air Transportation
- Deliver Operational Excellence in Airport Safety and Security
- Provide Customer Satisfaction
- Operate as a Financially Sound and Self-Supporting Aviation Facility
- Facilitate Economic Development for the Region
- Operate in an Environmentally Conscious Manner

### **Performance Measures**

- Maintain FAA Part 139 Certification
- Non-Aviation Revenue
  - Accounts for 65.5% of total operating revenue
- Benchmarking
- Development
- Fitch Ratings affirms Airport's bond ratings as A+ with a stable outlook
- Standard & Poor's Ratings Services affirmed an 'A+' long-term SPUR rating. The outlook is stable
- Moody's Investor Service has affirmed the A2 underlying bond rating. The rating outlook is



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## **Progress towards FY 2013 Goals**

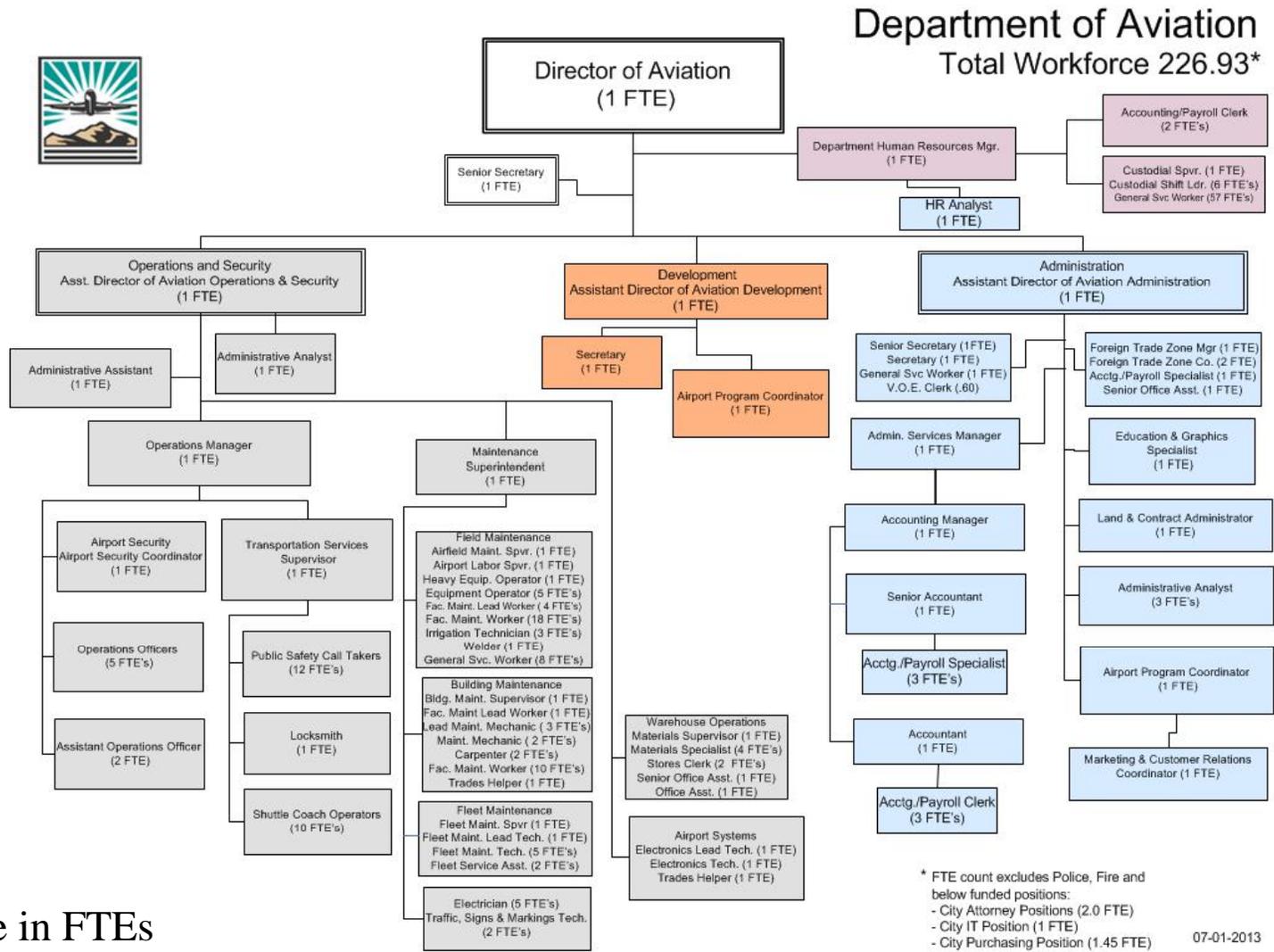
- Part 139 re-certification with zero deficiencies
- Continued to meet with Airlines for new, non-stop national & international destinations
- Southern Industrial Park Land Use Plan & Rezoning
- Hotel and Retail development at Boeing and Airway
- Capital Improvement Program
- Butterfield Trail Golf Club (BTGC) awards in 2013
- Foreign Trade Zone No. 68
  - Recognized by Business Facilities Magazine - Achievement in Ports/Foreign Trade Zones Award in their 2013 Economic Development Awards competition.

## **Priorities for FY 2014**

- Air Service Development
- Non-Aviation Development
- Customer Service
- Maintain FAA Part 139 Certification
- Capital Improvement Program



# FY 2014 Organizational Chart



0% Increase in FTEs



## **Airport Enterprise Fund Financial Structure**

A fund is a grouping of related accounts used to maintain control over resources that have been segregated for specific activities or objectives.

Proprietary funds are generally used to account for services the City of El Paso (City) charges its customers – either outside customers or internal cost centers of the City. Of the two types of proprietary funds that exist (enterprise and internal service), the Airport is considered to be an enterprise fund.

Expenses and revenues of the Department are categorized into Cost Centers.

Cost Centers include those areas or functional activities of the Airport used for the purposes of accounting for revenues, operating expenses, debt service, and required fund deposits.

Direct Cost Centers have revenues as well as expenses directly attributable to them.



## Airport Operating Expense Budget

<b>Total FY 2014 Proposed Budget</b>	<b>\$ 49,582,224</b>
Less Transfers	(13,994,208)
Less Hawkins Plaza	(556,929)
<b>Total Operating Expense Budget*</b>	<b>\$35,031,087</b>

\*Includes PD/Fire Direct expenses



## Budget Comparison by Character

Appropriations	Adopted FY13	Proposed FY14	% Change
Personal Services	\$ 11,104,383	\$ 11,407,845	2.73%
Contractual Services	6,868,025	6,897,514	0.43%
Materials & Supplies	2,092,144	2,432,997	16.29%
Operating Expenses	5,348,299	4,830,384	(9.68%)
Non-Operating	2,602,134	2,472,188	(4.99%)
Capital Outlay	533,983	790,300	48.00%
Transfers/Grant Matches	13,483,486	13,994,208	3.79%
Hawkins Plaza		228,340	
<b>Total Budget</b>	<b>\$ 42,032,454</b>	<b>\$ 43,053,776</b>	<b>2.43%</b>
Less: Transfers/Grant Matches	(13,483,486)	(13,994,208)	
Less: Hawkins Plaza		(328,589)	
<b>Net Budget</b>	<b>\$28,548,968</b>	<b>\$28,730,979</b>	<b>0.64%</b>

\* Excludes PD/Fire Direct expenses



## Expense Comparison by Cost Center

Division	Adopted FY13	Proposed FY14	% Change
GROUND TRANSPORTATION	\$ 2,073,104	\$ 2,080,224	0.34%
AIRFIELD	4,198,400	4,155,875	(1.01%)
TERMINAL	7,361,549	7,641,954	3.81%
ADMINISTRATION	13,306,980	13,081,904	(1.70%)
INDUSTRIAL PARKS	871,096	909,259	4.38%
RESTRICTED LAND SALES FUND	15,000	15,000	0.00%
COTTONWOODS DEVELOPMENT	2,941,450	2,895,640	(1.56%)
HOTELS	74,875	76,635	2.35%
CARGO	401,274	450,628	12.30%
AVIATION	452,925	431,780	(4.67%)
INTERNATIONAL TRADE PROC. CENTER	340,745	373,850	9.72%
DEBT SERVICE	2,257,984	2,128,038	(5.75%)
CAPITAL PURCHASES	533,983	790,300	48.00%
<b>TOTAL</b>	<b>\$34,829,365</b>	<b>\$35,031,087*</b>	<b>0.58%</b>

- Total does not include Internal Transfers & Hawkins Plaza; includes Police Department/Fire Department direct expenses.



## Airport Operating Revenue Budget

<b>Total FY 2014 Proposed Budget*</b>	<b>\$49,025,295</b>
Passenger Facility Charge (PFC)	(6,166,498)
Customer Facility Charge (CFC)	(3,450,000)
Intra-fund Transfers	(3,537,542)
Operating Revenue Subtotal	<b>\$35,871,255</b>
Fire Medical Services (FMS)	75,000
PD – Canine	200,500
<b>Total Operating Revenue Budget</b>	<b>\$36,146,755</b>

\*Excludes Hawkins Plaza



## Operating Revenue Comparison by Cost Center

Division	Adopted FY13	Proposed FY14	% Change
GROUND TRANSPORTATION	\$11,012,345	\$11,014,445	0.02%
AIRFIELD	4,399,400	4,447,600	1.10%
TERMINAL	7,983,000	8,037,700	0.69%
ADMINISTRATION	414,500	414,500	0.00%
INDUSTRIAL PARKS	4,551,700	4,640,100	1.94%
COTTONWOODS DEVELOPMENT	1,784,363	1,871,264	4.87%
HOTELS	1,600,000	1,600,000	0.00%
CARGO	1,215,600	1,260,600	3.70%
AVIATION	1,618,000	1,703,820	5.30%
INTERNATIONAL TRADE PROC. CENTER	293,525	291,535	(0.68%)
RESTRICTED LAND SALES FUND (RLSF)	253,750	321,750	26.80%
AIRPORT EASEMENTS	528,754	543,441	2.78%
<b>TOTAL</b>	<b>\$35,654,937</b>	<b>\$36,146,755</b>	<b>1.38%</b>



## Operating Revenue/Appropriation Comparison

Division	Proposed FY2014 Revenue	Proposed FY 2014 Appropriation	Profit(Loss)
GROUND TRANSPORTATION	\$11,014,445	\$ 2,080,224	\$ 8,934,221
AIRFIELD	4,447,600	4,155,875	291,725
TERMINAL	8,037,700	7,641,954	395,746
ADMINISTRATION	414,500	13,081,904	(12,667,404)
INDUSTRIAL PARKS	4,640,100	909,259	3,730,841
COTTONWOODS DEVELOPMENT	1,871,264	2,895,640	(1,024,376)
HOTELS	1,600,000	76,635	1,523,365
CARGO	1,260,600	450,628	809,972
AVIATION	1,703,820	431,780	1,272,040
INTERNATIONAL TRADE PROC. CENTER	291,535	373,850	(82,315)
DEBT SERVICE	-	2,128,038	(2,128,038)
AIRPORT EASEMENTS	543,441	-	543,441
CAPITAL PURCHASES	-	790,300	(790,300)
RESTRICTED LAND SALES	321,750	15,000	306,750
<b>TOTAL</b>	<b>\$36,146,755</b>	<b>\$35,031,087</b>	<b>\$ 1,115,668</b>



## **Department Specific Budget Revenue Highlights**

### **Variations/Changes from FY13 Adopted**

- Customer Facility Charges (CFC) increase of \$447,000
- Airport lease revenue increase of \$208,600
- Ground rental increase of \$221,000
- La Placita revenue decrease of \$59,800

## **Department Specific Budget Expenditure Highlights**

### **Variations/Changes from FY13 Adopted**

- Personnel Services increased \$183,229
- Contractual Services increased \$269,489
- Materials and Supplies increased \$362,053
- Operating Expenditures decreased (\$315,435)



## New Fees

- **FTZ – Transaction Fee**
  - Blanket admission \$100
- **FTZ – Transaction Fee**
  - Direct Delivery Admission \$15 per subsequent request after initial admission
- **FTZ – Transaction Fee**
  - Application Fee, Subzone \$10,000
- **FTZ – Transaction Fee, Application Fee, New General Purpose Site**
  - Application Fee, General Purpose Site \$3,000 (Minor Boundary Modification)
- **FTZ – Transaction Fee**
  - Application Fee, \$5,000 Expansion Site (Magnet)
- **FTZ – Transaction Permit**
  - Alteration Request \$100
- **Other Airport Charges – Cost Recovery Charge**
  - Work completed by El Paso International Airport on behalf of airport tenants will be assessed an administrative charge of \$40.00 when the costs for such work exceeds \$100.00

## Changes to Parking Fees

	Old Fee	New Fee	Reason for Change
Short & Long Term Free Parking	Free for first 30 minutes	Free for first 10 minutes	New & free Cell Phone lot will accommodate waiting for arriving passengers
Short Term – Initial Fee	\$1.50 for 31 minutes to 1 hour	\$1 for 11 minutes to 1 hour	Eliminate 50 cent increments to improve customer service and reduce need for petty cash ( <b>Max Daily stays the same - \$10 for ST &amp; \$5 for LT</b> )
Long Term – Initial Fee	\$0.50 for 31 minutes to 1 hour	\$1 for 11 minutes to 1 hour	
Long Term – Each Additional Hour	\$0.50	\$1	



# 5 Yr Capital Improvement Program

Project Type & Name	Funding Source	Total Project Cost Estimated	FY 2014 Budget Estimated	FY 2015 Budget Estimated	FY 2016 Budget Estimated	FY 2017 Budget Estimated	FY 2018 Budget Estimated	Total Budgeted 5 FY Period*
Airway Improvements	Airport	\$ 1,000,000	\$ 1,000,000					\$ 1,000,000
Backup Electrical Power Source Switch	Airport	\$ 150,000	\$ 150,000					\$ 150,000
Twy "A" Realignment & Twys "D" & "F" Reconstruction	FAA/Airport	\$ 8,300,000	\$ 8,300,000					\$ 8,300,000
Rental Car Expansion (Includes demo of Air Cargo #1)	CFC	\$ 45,000,000	\$22,500,000	\$22,500,000				\$ 45,000,000
Terminal and Cargo Aprons Joint Seal Replacement	FAA/Airport	\$ 1,175,000	\$ 1,175,000					\$ 1,175,000
Airfield Perimeter Roads	FAA/Airport	\$ 3,350,000	\$ 3,350,000					\$ 3,350,000
Mill & Replace Rwy 8L/26R, Twy "U","V" & New Parallel Taxiway	FAA/Airport	\$ 15,900,000	\$ 7,900,000	\$ 8,000,000				\$ 15,900,000
Runway 4-22 Reconstruction & Taxiway Radius Geometry	FAA/Airport	\$ 16,830,000	\$ 130,000	\$ 1,700,000	\$ 7,500,000	\$ 7,500,000		\$ 16,830,000
ARFF Safety Equipment	FAA/Airport	\$ 300,000	\$ 60,000	\$ 60,000	\$ 60,000	\$ 60,000	\$ 60,000	\$ 300,000
								\$ -
Central Plant Upgrade	PFC/Airport	\$ 5,588,400	\$ 5,588,400					\$ 5,588,400
TSA Baggage Makeup Area Expansion/Consolidation	PFC	\$ 800,000	\$ 300,000	\$ 500,000				\$ 800,000
Baggage Claim Units Replacement	PFC	\$ 2,828,875	\$ 1,000,000	\$ 1,828,875				\$ 2,828,875
Loading Bridges (16 ea.)	PFC/Airport	\$ 14,000,000	\$ 3,000,000	\$ 6,000,000	\$ 5,000,000			\$ 14,000,000
Taxiway "K" Rehabilitation	FAA/Airport	\$ 14,430,000		\$ 1,200,000	\$ 6,615,000	\$ 6,615,000		\$ 14,430,000
Master Plan Update	FAA/Airport	\$ 1,900,000		\$ 1,900,000				\$ 1,900,000
								\$ -
Air Cargo #4 Roof Replacement	Airport	\$ 1,200,000	\$ 1,200,000					\$ 1,200,000
Concourse A Bathrooms	Airport	\$ 1,100,000	\$ 100,000	\$ 1,000,000				\$ 1,100,000
BTGC Well	Airport	\$ 4,000,000	\$ 4,000,000					\$ 4,000,000
Maintenance Building Improvements	Airport	\$ 750,000	\$ 375,000	\$ 375,000				\$ 750,000
IT Capital Enterprise Fund Recovery	Airport	\$ 773,528	\$ 327,946	\$ 87,357	\$ 103,935	\$ 127,145	\$ 127,145	\$ 773,528
<b>Total</b>		<b>\$139,375,803</b>	<b>\$60,426,346</b>	<b>\$45,151,232</b>	<b>\$19,278,935</b>	<b>\$14,302,145</b>	<b>\$ 187,145</b>	<b>\$ 139,345,803</b>



## Business Structure – Airline Operating Agreement

Hybrid Agreement: Terminal building is compensatory, meaning the airlines pay for the part of the terminal they use and the airport retains all revenues generated from rents and concessions. Landing area is residual, meaning the airlines will cover all costs if expenses are higher than budgeted or be reimbursed if revenues exceed costs.

### **Airline Rates & Charges**

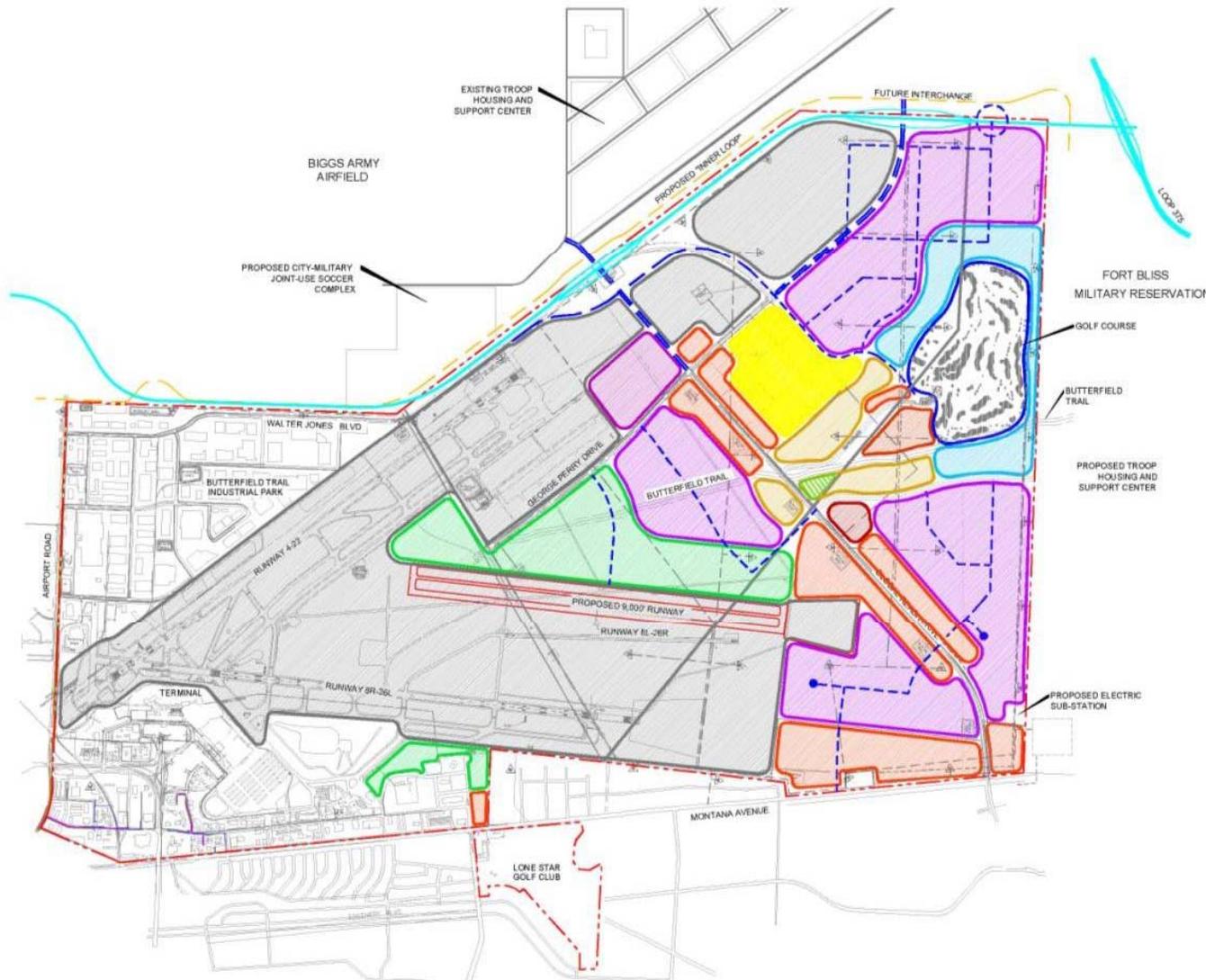
	<b>2013</b>	<b>2014(Projected)</b>
Terminal	\$42.64	\$44.07
Landing Fee	\$1.50	\$1.59
Cost Per Passenger	\$6.04	\$6.40

All airlines are under a standard 5 year lease. Rates and charges are calculated annually as determined by the cost of running the airport. The specific calculations are contained in the lease. This method of determining rates and charges is generally a standard throughout the airport industry.



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# Airport Land Use Plan



## LEGEND

LAND USE	APPROX. ACREAGE
PROPOSED GENERAL AVIATION USES	375
PROPOSED COMMERCIAL/RETAIL USES	343
PROPOSED RESORT HOTEL USES	32
PROPOSED HOTEL USES	19
DEFENSE INDUSTRIAL USES	116
PROPOSED INDUSTRIAL USES	1,161
PROPOSED OFFICE USES	176
PROPOSED MIXED USE	125
PUBLIC PARK RESERVE (Area to be determined)	7
PROPOSED AIR CARGO USE	107
AIRFIELD	2,283
RECREATIONAL USES	240
PROPOSED ROADS	



## **Land Leases**

- State Law dictates a maximum initial term of 40 years; Federal Aviation Administration dictates a maximum of 50 years
- Land values/lease rates - 8% of Fair Market Value (FMV), established by appraisal
- Every five years land rent is adjusted by CPI-U, with a 20% cap; land rental rates cannot decrease. At options, land is reappraised and rental rates go to 8% of FMV, no cap.

## **Cargo**

- Cargo building rentals have been established by amortizing the cost and maintenance of the facilities.

## **Hotels & Car Rentals**

- Hotels generally use land values as the Minimum Annual Guarantee, but effective rent is in the percentage of gross rents. Room rent is at 5%, alcoholic beverage is at 4%, food at 2%, and miscellaneous revenue at 6%.
- All car rentals are under a concessionaire's agreement – payment to EPIA established at 10% commission on gross sales. Customer Facility Charge of \$3.50 is collected, which will pay for the new consolidated rental car facility.



## **Food & Beverage and News & Gifts Concessions**

- Food & Beverage - managed by national concessionaire, HMS Host International, which operates in 112 airports worldwide. Contract was competitively bid and expires on 6/30/2021. Host has invested over \$6 million in capital improvements. Concession revenue is set at 15% for alcoholic sales and 10% for food.
- News and Gift - managed by national concessionaire, Paradies, which operates in 75 airports in the US and Canada. Contract was competitively bid and expires on 7/31/2020. Paradies has invested about \$3 million in capital improvements. Concession revenue is set at 12% for specialty shops and 14% for news stands.



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### **Air Service Development Initiatives**

- Maintain relationships with current airlines
- Understand El Paso's place in the market (take advantage of market opportunities as they develop)
- Analysis and evaluation of opportunities
- User and stakeholder involvement
- Service to Mexico initiative
- Incentive program
- New and current presentation materials for individual airline meetings
- Expanded outreach to airlines

### **Focus Cities:**

- Top 25 origination and destination cities to which we don't have non-stop service, with major focus on Washington D.C. area, Detroit, Seattle, San Diego, Orlando, Mexico City, Cancun



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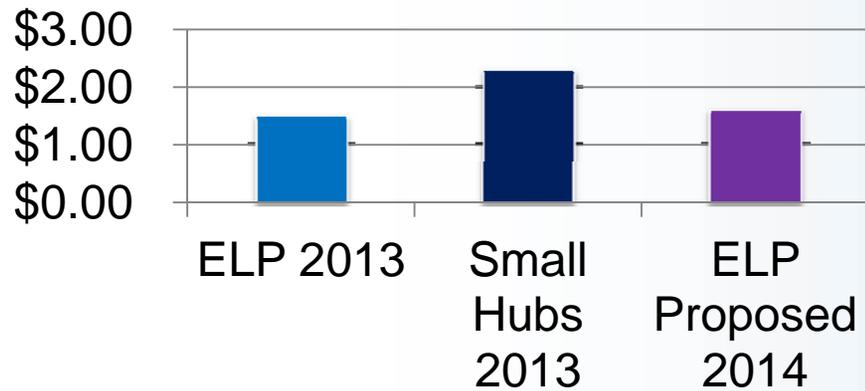
# Comments or Questions?



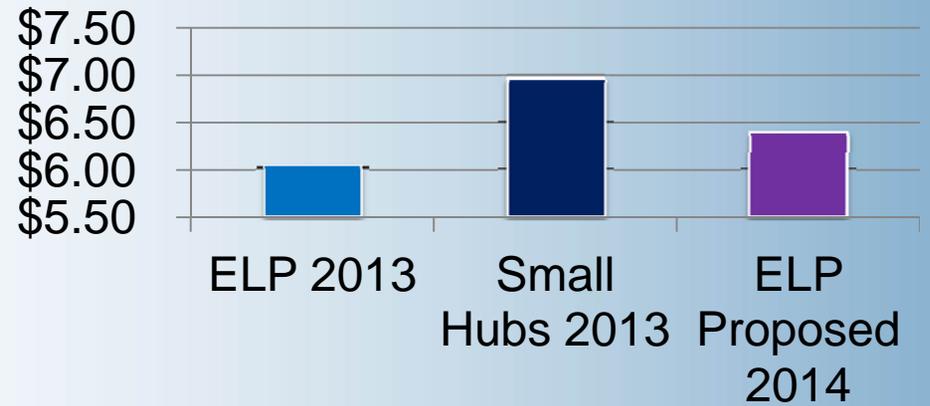


### Benchmarks

**2013 Landing Fee Rate  
Comparison (per 1,000 lbs.)**



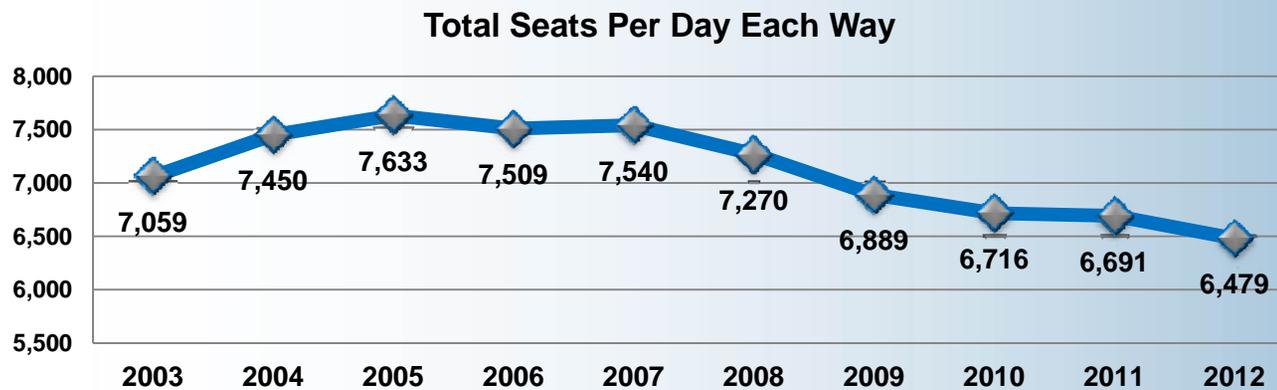
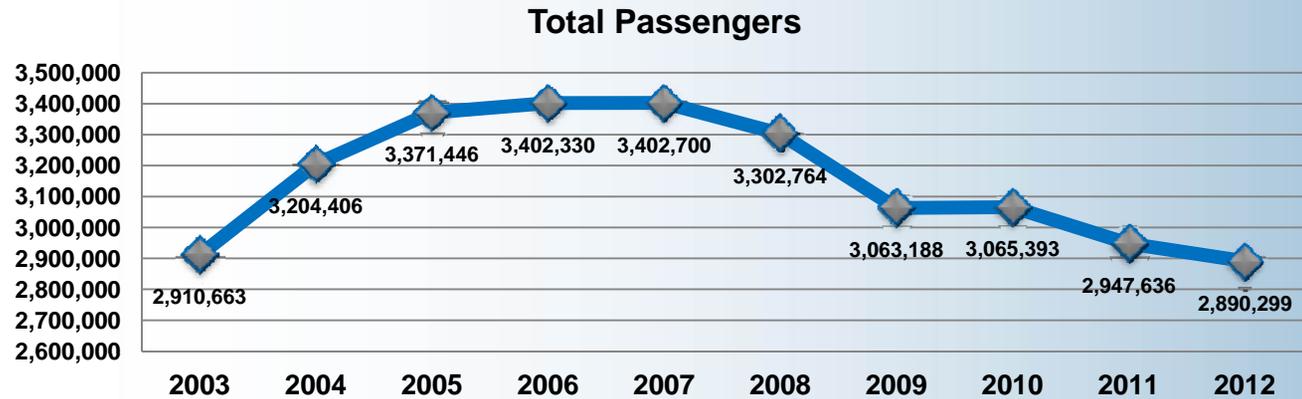
**2013 Airline Cost Per  
Enplaned Passenger**





## Benchmarks

### 10 Year Passenger Statistics (Calendar Year)





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## Benchmarks

### Continental U.S. Commercial Service Airports Ranked by the Federal Aviation Administration

FAA Rank	3 Letters ID	City	Airport Name	CY 11 Boardings	CY 12 Boardings	% Change
65	TUS	Tucson	Tucson International	1,779,679	1,710,638	(3.88)
66	RNO	Reno	Reno/Tahoe International	1,821,051	1,685,333	(7.45)
67	ORF	Norfolk	Norfolk International	1,606,695	1,649,123	2.64
68	SDF	Louisville	Louisville International	1,650,707	1,642,697	(0.49)
69	RIC	Highland Springs	Richmond International	1,571,155	1,581,617	0.67
70	LGB	Long Beach	Long Beach – Daugherty Field	1,512,212	1,554,844	2.82
72	GEG	Spokane	Spokane International	1,487,913	1,456,275	(2.13)
73	ELP	El Paso	El Paso International	1,458,965	1,442,100	(1.16)
74	BHM	Birmingham	Birmingham-Shuttlesworth International	1,429,282	1,412,481	(1.18)
76	TUL	Tulsa	Tulsa International	1,346,122	1,324,175	(1.63)
78	BOI	Boise	Boise Air Terminal	1,395,554	1,307,505	(6.31)