

AGENDA



Recommendation for Council Action (Real Estate)

Austin City Council	Item ID:	6982	Agenda Number	<ITEM_OUTLINE>
Meeting Date:	June 23, 2011			
Department:	Office of Real Estate Services			
Subject				
Approve a resolution to authorize the fee simple acquisition of 0.341 of an acre of land, more or less, out of and a part of the Santiago Del Valle Grant, in Travis, County, Texas, locally known as 1325 Dalton Lane, from Caesar R. Jeffery for the Airport Noise Mitigation Program, in the amount of \$90,600 for the land and improvements and \$16,400 for relocation benefits, plus closing costs and moving related expenses in the amount of \$10,000, for a total amount not to exceed \$117,000.				
Amount and Source of Funding				
Funding in the amount of \$117,000 is available in the Fiscal Year 2010-2011 Capital Budget of the Department of Aviation using airport funds and available Federal Aviation Administration (FAA) Grants.				
Fiscal Note				
A fiscal note is attached.				
Purchasing Language:				
Prior Council Action:	June 6, 2007 - Approved recommendations in the 2007 Draft FAR Part 150 Noise Study Update; February 28, 2008 - Consultant Selection for Noise Mitigation Program.			
For More Information:	Melinda Ruby 530-6634; Lauraine Rizer 974-7078; Amanda Glasscock 974-7173			
Boards and Commission Action:				
MBE / WBE:				
Related Items:				

Additional Backup Information

The property and residence located at 1325 Dalton Lane is a part of the approved Airport Noise Mitigation Program. The purpose of the program is to reduce noise impacts and ensure land use compatibility within the airport vicinity.

The lot to be acquired is approximately 0.341 acre tract and improvements include a single family residence containing three bedrooms, one bath, a wood handicap ramp, and a wood shed. The fair market value of the property including improvements is \$90,600, as determined by an independent appraisal. The owner has agreed to accept the City's offer and is eligible for relocation expenses estimated to be \$16,400. The City will relocate any tenants according to the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970, as amended.

In accordance with the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970, as amended, any owner may choose to retain an improvement at the salvage value of that improvement, and the salvage

value will be deducted from the purchase price at closing. Caesar R Jeffery has elected to retain ownership of the shed and four window units currently located on the property being purchased for the salvage value of \$58, which will be netted out of the property settlement amount at closing.

Closing and moving costs are not to exceed \$10,000, and are a part of the final property settlement amount.

SUBJECT: Authorize award and execution of Amendment No. 1 to a 36-month contract with **LANFORD EQUIPMENT CO., INC.**, Austin, TX for repairs and parts for Massey Ferguson tractors in an amount not to exceed \$91,020 for the remaining 24 months of the initial 36-month contract period, with two additional 12-month extension options in an amount not to exceed \$45,510 per extension option, for a revised total contract amount not to exceed \$227,550.

AMOUNT & SOURCE OF FUNDING: Funding in the amount of \$15,160 is available in the Fiscal Year 2010-2011 Operating Budget of the Aviation Department. Funding for the remaining 13 months of the original contract period and extension options is contingent upon available funding in future budgets.

FISCAL NOTE: There is no unanticipated fiscal impact. A fiscal note is not required.

FOR MORE INFORMATION CONTACT: Brenda Helgren, Sr. Buyer/974-9141

PRIOR COUNCIL ACTION: N/A

BOARD AND COMMISSION ACTION: Reviewed by the Austin Airport Advisory Commission 04/12/11.

PURCHASING: Contract Amendment

MBE/WBE: This contract will be awarded in compliance with Chapter 2-9D of the City Code (Minority-Owned and Women-Owned Business Enterprise Procurement Program). No subcontracting opportunities were identified; therefore, no goals were established for this contract.

This agreement is for the repair and parts for Massey Ferguson tractors. These riding mowers are used to mow and maintain the appearance of the airport and to maintain our FAA Part 139 airfield compliance.

This contract was competitively bid and awarded in 2009. This recommended Council action is to approve Amendment No. 1 in an amount not to exceed \$91,020 and the authorization to enter into the final three option periods for \$45,510 each when appropriate, for a final contract amount of \$227,550.

Contract Summary		
Contract History	Description	Amount
Original Contract	36-month contract for repairs and parts for New Holland tractors with 2-12 month extension options	\$45,510 Annual amount
Proposed Amendment No. 1	Funding for the remaining 24 months of the 36-month agreement.	\$91,020
Remaining extension options	Two remaining 12-month extension options in an amount not to exceed \$45,510 per option period.	\$91,020
	Total contract amount	\$227,550

SUBJECT: Authorize an administrative increase to a contract with **PURVIS INDUSTRIES LTD, Austin, TX** for Van Der Graaf motorized pulleys for the baggage handling system funding in the amount not to exceed \$36,112 for the second and third 12-month periods of the initial 36-month contract, with two additional 12-month extension options in an amount not to exceed \$36,112 per extension option, for a revised total contract amount not to exceed \$180,560.

AMOUNT & SOURCE OF FUNDING: Funding in the amount of \$12,037 is available in the Fiscal Year 2010-2011 Operating Budget of the Aviation Department. Funding for the remaining four months of the original contract and extension options is contingent upon available funding in future budgets.

FISCAL NOTE: There is no unanticipated fiscal impact. A fiscal note is not required.

FOR MORE INFORMATION CONTACT: Brenda Helgren, Sr. Buyer/530-7533

PRIOR COUNCIL ACTION: N/A

BOARD AND COMMISSION ACTION: Reviewed by the Austin Airport Advisory Commission 04/12/11.

PURCHASING: Contract Amendment

MBE/WBE: This contract will be awarded in compliance with Chapter 2-9D of the City Code (Minority-Owned and Women-Owned Business Enterprise Procurement Program). No subcontracting opportunities were identified; therefore, no goals were established for this contract.

This agreement is for the Van Der Graaf motorized pulleys for ABIA's baggage handling system...This Agreement is to purchase motorized pulleys used to run the belt to the Vertical Sorter. The vertical sorter sorts bags and send them to the right location for processing. These motorized pulleys are essential to the Baggage Handling System and the Airport's operation.

This contract was competitively bid and awarded in 2009. This recommended Council action is to approve an administrative increase in an amount not to exceed \$36,112 for the second and third 12-month periods of the 36-month agreement and the authorization to enter into the final option periods for \$36,112 each when appropriate, for a final contract amount of \$180,560.

Contract Summary		
Contract History	Description	Amount
Original Contract	36-month contract for van der Graaf motorized pulleys for the baggage handling system with two 12-month extension option	\$36,112
Proposed Administrative Increase	Administrative increase for the second and third 12-month period of a 36-month agreement not to exceed \$36,112 per option.	\$72,224
Remaining extension options	Two remaining 12-month extension options in an estimated not to exceed amount of \$36,112 per option period.	\$72,224
	Total contract amount	\$180,560

AGENDA



Recommendation for Council Action (Purchasing)

Austin City Council	Item ID:	7345	Agenda Number	<ITEM_OUTLINE>
Meeting Date:	June 23, 2011			
Department:	Purchasing			
Subject				
<p>Authorize award and execution of Amendment No. 2 to a contract with DS WATERS OF AMERICA, Austin, TX for coffee service at Austin-Bergstrom International Airport to extend the contract for three 12-month periods in the amount not to exceed \$31,100 with three additional 12-month extension options in an estimated amount not to exceed \$10,367 per option year, for a revised total estimated contract amount not to exceed \$93,301.</p>				
Amount and Source of Funding				
<p>Funding in the amount of \$3,456 is available in the Fiscal Year 2010-2011 Operating Budget of the Aviation Department. Funding for the remaining 29 months of the first extension option and remaining extension options is contingent upon available funding in future budgets.</p>				
Fiscal Note				
<p>There is no unanticipated fiscal impact. A fiscal note is not required.</p>				
Purchasing Language:	Contract Amendment.			
Prior Council Action:				
For More Information:	Brenda Helgren, Sr. Buyer/974-9141			
Boards and Commission Action:	Recommended by the Austin Airport Advisory Commission.			
MBE / WBE:	This contract will be awarded in compliance with Chapter 2-9D of the City Code (Minority-Owned and Women-Owned Business Enterprise Procurement Program). No subcontracting opportunities were identified; therefore, no goals were established for this solicitation.			
Related Items:				
Additional Backup Information				
<p>This agreement is for coffee service at Austin-Bergstrom International Airport. The airport is a 24 hour facility and a majority of airport staff work various shift assignments that are evening and midnight hours. This service supports providing coffee to its operation staff and to airport business partners during tenant meetings and business meetings that support the airport.</p> <p>This contract was competitively bid and awarded in 2007. This recommended Council action is to approve Amendment No. 1 for \$31,100 and the authorization to enter into the final three option periods for \$31,100 when appropriate, for a final contract value of \$93,301.</p>				

Contract Summary		
Contract History	Description	Amount
Original Contract	36-month contract for coffee service with 2-36 month extension options	\$31,100
Amendment No. 1	Exercise first extension option for 36-months	\$31,100
Proposed Amendment No. 2	Exercise the second 36-month extension option	\$31,100
	Total contract amount	\$93,301



MEMORANDUM

TO: Robert Goode, Assistant City Manager
Ed Van Eenoo, Budget Officer

FROM: Jim Smith, Executive Director
Aviation Department

DATE: June 6, 2011

SUBJECT: FY 2012 Aviation Department Proposed Operating Budget

The Department of Aviation (DOA) is pleased to submit for your review our Proposed FY 2012 Operating Budget for Austin-Bergstrom International Airport (ABIA).

FY 2012 operating requirements total \$58.0 million, an increase of approximately \$ 1.5 million (2.7%) when compared to the 2011 Amended Operating Budget. \$1,379,000 of this increase is due to charges mandated by the City: ARFF and APD costs, pay for performance increases, health insurance costs increase, and the Green choice. These are the budget highlights:

- \$ 523,000 increase for costs associated with pay for performance
- \$ 327,000 increase for anticipated changes in the City's contribution for health insurance
- \$ 132,000 increase for 2 new FTEs
- \$ 329,000 increases in ARFF and APD costs due to salary increases
- \$ 328,000 increase in financial monitoring costs is due to fees associated with the administration of debt.
- \$ 261,000 decrease in parking costs for projected savings in rental of buses
- \$ 100,000 decrease in mechanic costs for savings in parts for vehicles
- \$ 200,000 increase for green choice renewable energy
- \$ 200,000 increase in building maintenance costs for contractual increases
- \$ 125,000 decrease for general liability insurance

Due to the uncertainty of the local economy, the Airport continues with its budgetary restrictions. The capital outlay requirements totaled \$ 1.8 million but, through an evaluation and prioritization process, \$1.0 million can be deferred.

The budget, as presented, anticipates the funding required to ensure that the airport remains environmentally and financially sustainable. Our business model for 2012 will continue its emphasis on these strategic areas for a sustainable future: cost control, customer service, passenger service development and increasing non-airline revenue.

For the fifth consecutive year, Austin-Bergstrom International Airport has earned a ranking in the top five airports in both North America and the world for excellence in customer service. In the 2010 Airport Service Quality (ASQ) passenger survey, the airport is ranked the third best airport of any size in North America. Austin's airport is fifth world-wide among airports its size: 5-15 million passengers. Austin-Bergstrom recognizes that the most important aspect of providing great customer service is having a thoroughly clean terminal and a comfortable, friendly ambience.

Actual airport passenger traffic increases are reflective of the local economy. Austin sales tax was better this fiscal year 2011 (4 – 5% range) but it is projected to slow down in fiscal year 2012 (2 -3 % range). The first seven months of FY2011 is showing an increase in passenger traffic of 8%. Based on the Austin economic outlook, a conservative increase of 3% is projected for passenger traffic at ABIA in FY2012.

The FY 2012 revenue of \$90.6 million represents approximately a \$0.7 million increase (1%) over the FY2011 budget. The revenue projection is based on the 3% increase in passenger traffic. The FY 2012 net contribution to the Airport Capital Fund is projected to be \$ 9 million.

Department of Aviation anticipates maintaining its self-supporting status as required by Federal Law in FY2012.

I look forward to reviewing our budget with you and the City Council.



Jim Smith
Executive Director
Enclosure

AIRPORT FUND

	2008-09 ACTUAL	2009-10 ACTUAL	2010-11 AMENDED	2010-11 ESTIMATED	2011-12 PROPOSED
BEGINNING BALANCE	0	0	0	0	0
REVENUE					
AIRLINE REVENUE					
Landing Fees	16,716,906	18,762,381	20,400,000	19,083,000	20,380,000
Terminal Rental & Other Fees	17,838,699	17,220,592	19,964,000	19,324,000	20,941,000
TOTAL AIRLINE REVENUE	34,555,605	35,982,973	40,364,000	38,407,000	41,321,000
NON-AIRLINE REVENUE					
Parking	25,077,612	25,201,028	25,903,000	26,782,416	26,422,000
Other Concessions	14,282,557	14,854,312	16,545,000	15,943,936	16,267,000
Other Rentals and Fees	5,794,551	6,607,544	6,644,000	6,378,019	6,367,000
TOTAL NON-AIRLINE REVENUE	45,154,720	46,662,884	49,092,000	49,104,371	49,056,000
Interest Income	827,571	431,264	450,000	226,342	236,000
TOTAL REVENUE	80,537,896	83,077,121	89,906,000	87,737,713	90,613,000
TRANSFERS IN					
Airport Capital Fund	7,146,363	7,930,449	8,341,513	8,341,513	7,828,333
TOTAL TRANSFERS IN	7,146,363	7,930,449	8,341,513	8,341,513	7,828,333
TOTAL AVAILABLE FUNDS	87,684,259	91,007,570	98,247,513	96,079,226	98,441,333
OPERATING REQUIREMENTS					
Fac Mgmt, Ops and Airport Security	32,337,945	32,958,434	34,273,931	33,871,998	35,546,511
Airport Planning and Development	1,331,506	1,321,188	1,514,217	1,510,995	1,663,590
Support Services	8,719,173	8,872,902	11,085,613	10,442,138	11,327,953
Business Services	7,941,766	8,216,144	9,604,575	10,153,773	9,484,979
TOTAL OPERATING REQUIREMENTS	50,330,390	51,368,668	56,478,336	55,978,904	58,023,033
TRANSFERS OUT					
GO Debt Service Fund	24,004	0	30,101	30,101	30,053
Airport Revenue Bond Debt Service	2,380,817	13,293,840	2,391,688	2,390,884	5,374,927
Airport Variable Rate Notes Debt Svc	15,945,759	2,383,046	17,706,424	14,738,507	12,731,935
Operating Reserve	376,300	167,000	686,000	930,000	423,000
CTECC	0	0	57,161	57,161	141,930
Trunked Radio Allocation	138,990	103,846	112,874	112,874	89,190
TOTAL TRANSFERS OUT	18,865,870	15,947,732	20,984,248	18,259,527	18,791,035
OTHER REQUIREMENTS					
Workers' Compensation	342,000	320,174	333,827	333,827	329,622
Citywide Administrative Support	1,781,063	1,698,060	1,697,020	1,697,020	1,894,166
Communications & Technology Mgmt	1,108,623	1,213,160	1,465,059	1,465,059	1,201,393
Accrued Payroll	72,671	146,865	104,000	71,471	55,800
Additional Retirement Contribution	292,054	603,979	934,242	934,242	1,284,727

AIRPORT FUND

	2008-09 ACTUAL	2009-10 ACTUAL	2010-11 AMENDED	2010-11 ESTIMATED	2011-12 PROPOSED
Compensation Adjustment	19,999	18,212	22,425	22,425	22,425
Liability Reserve	23,000	23,000	23,000	23,000	20,000
27th Payroll Funding			(822,729)	(822,729)	
27th Payroll Expense			822,729	822,729	
TOTAL OTHER REQUIREMENTS	<u>3,639,410</u>	<u>4,023,450</u>	<u>4,579,573</u>	<u>4,547,044</u>	<u>4,808,133</u>
TOTAL REQUIREMENTS	<u>72,835,670</u>	<u>71,339,850</u>	<u>82,042,157</u>	<u>78,785,475</u>	<u>81,622,201</u>
EXCESS (DEFICIT) OF TOTAL AVAILABLE FUNDS OVER TOTAL REQUIREMENTS	<u>14,848,589</u>	<u>19,667,720</u>	<u>16,205,356</u>	<u>17,293,751</u>	<u>16,819,132</u>
Contribution To Capital Fund (1)	<u>15,225,767</u>	<u>19,688,969</u>	<u>16,205,356</u>	<u>17,293,751</u>	<u>16,819,132</u>
Adjustment to GAAP	<u>377,178</u>	<u>21,249</u>	<u>0</u>	<u>0</u>	<u>0</u>
ENDING BALANCE	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>

(1) The contribution to the Airport Capital Fund is determined by the excess of revenue over requirements and the fund balance at the beginning of the year.

Aviation

Mission and Goals for 2012

Mission

We provide safe, secure, and efficient air transportation facilities and services that support and improve the quality of life and the economic prosperity of Central Texas.

Goals

Deliver quality service, Austin Style.

- At least 48% of customer survey participants rank overall satisfaction "Excellent".

Build the best team.

- Complete 40 training hours a year per employee.

Achieve superior financial results.

- Airline Cost per Passenger less than or equal to \$8.92
- Non-Airline revenue per Passenger greater than or equal to \$11.30

Improve the way we work.

- Each division develops a Team Improvement Plan and have 100% employee participation.

Aviation

Organization by Program and Activity for 2012

Airport Planning & Development

Design, Construction and Planning

Business Services

Parking

Tenant Management

Facilities Management, Operations and Airport Security

Air/Fire Rescue (ARFF)

Airline Maintenance

Airport Security

Airside Maintenance

Building Maintenance

Facility Services

Grounds Maintenance

MaxAdmin

Mechanic Shop

Operations

Support Services

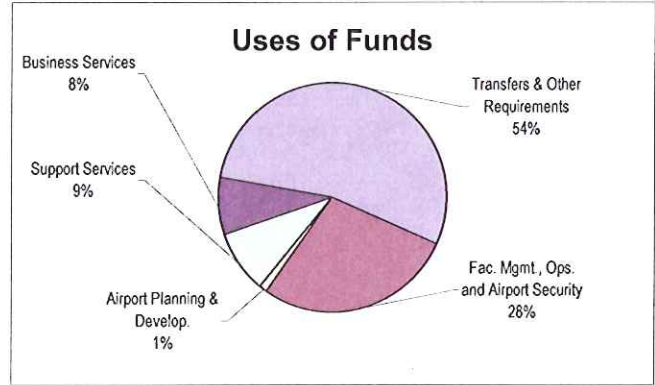
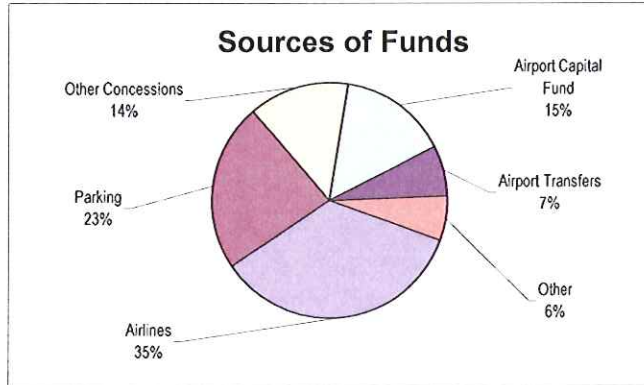
Departmental Support Services

Transfers & Other Requirements

Other Requirements

Transfers

Aviation



Budget Overview

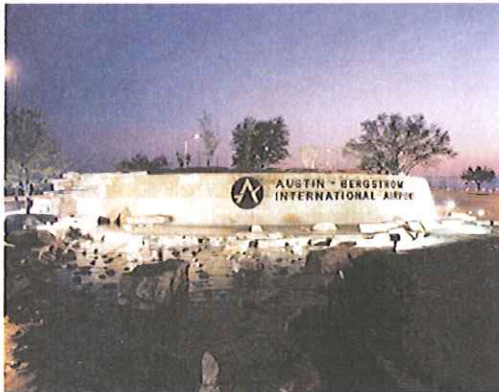
	2008-09 Actual	2009-10 Actual	2010-11 Amended	2010-11 Estimated	2011-12 Proposed
Airport Operating Fund					
Revenue	\$80,537,896	\$83,077,121	\$89,906,000	\$87,737,713	\$90,613,000
Transfers In	\$7,146,363	\$7,930,449	\$8,341,513	\$8,341,513	\$7,828,333
Requirements	\$72,835,670	\$71,339,850	\$82,042,157	\$78,785,475	\$81,622,201
Full-Time Equivalents (FTEs)	352.00	345.00	345.00	345.00	347.00
Airport Capital Fund					
Revenue	\$1,726,613	\$749,778	\$823,000	\$352,000	\$352,000
Transfers In	\$15,225,767	\$19,688,969	\$16,205,356	\$17,293,751	\$16,819,132
Requirements	\$25,061,020	\$31,092,536	\$21,166,513	\$21,166,513	\$28,530,333
Full-Time Equivalents (FTEs)	0.00	0.00	0.00	0.00	0.00
Expense Refunds	\$1,381,188	\$186,738	\$52,800	\$48,000	\$0
Grants	\$819,493	\$723,554	\$726,140	\$726,140	\$726,140
Total Budget	\$100,097,371	\$103,342,678	\$103,987,610	\$100,726,128	\$110,878,674

Aviation

Message from the Director

Excellence in customer service - Austin style is the business strategy of Austin-Bergstrom International Airport. Together, the Aviation Department, airlines, tenants and travel community continually work to ensure passenger safety and a convenient, friendly travel experience.

In FY 2011, ABIA was recognized as one of the best airports in the world by the Airport Service Quality (ASQ) passenger survey of Airports Council International (ACI). For the fifth consecutive year, ABIA earned a ranking in the top five airports in both North American and the world for excellence in customer service. This recognition is an indication of ABIA's commitment to customer satisfaction, its strong ties with its business partners that operate at the airport, and its dedication to helping make Austin the best managed city in the country.



Airline passenger demand historically follows U.S. economic conditions. Coming out of the recession, ABIA has experienced a healthy increase in passenger traffic during FY 2011; during the first seven months of the fiscal year, passenger traffic increased 8.9% over the prior year. It is not anticipated that such a robust growth rate will be sustained in FY 2012; an overall increase of 3% is projected for passenger traffic at ABIA in FY 2011-12.

Variable interest rates remain low but Airport management continues to be concerned about the structure of the airport's variable rate debt swaps leaving significant exposure to interest rate fluctuations and cost increases. Conditions in the debt market and interest rates will continue to be closely monitored to take advantage of refinancing opportunities as soon as they are economically feasible. During FY 2012, Standard & Poor's Ratings Services increased its rating on ABIA's revenue bonds to 'A' from 'A-'. This higher rating will contribute to the Department's long-term sustainable growth plans and the future ability to secure funding and lower borrowing costs.

As part of striving to make Austin the best managed city in the country and creating a sustainable future, the Aviation Department's strategic focus includes the following: economic vitality, customer service, operational efficiency and effectiveness, social responsibility and environmental stewardship. The Aviation Department continues to seek out creative ways to reduce costs, increase non-airline revenue, and improve the efficiency and effectiveness of its operations.

With a staff that is committed to serving the community, the airport will continue providing excellent customer service, "Austin style".



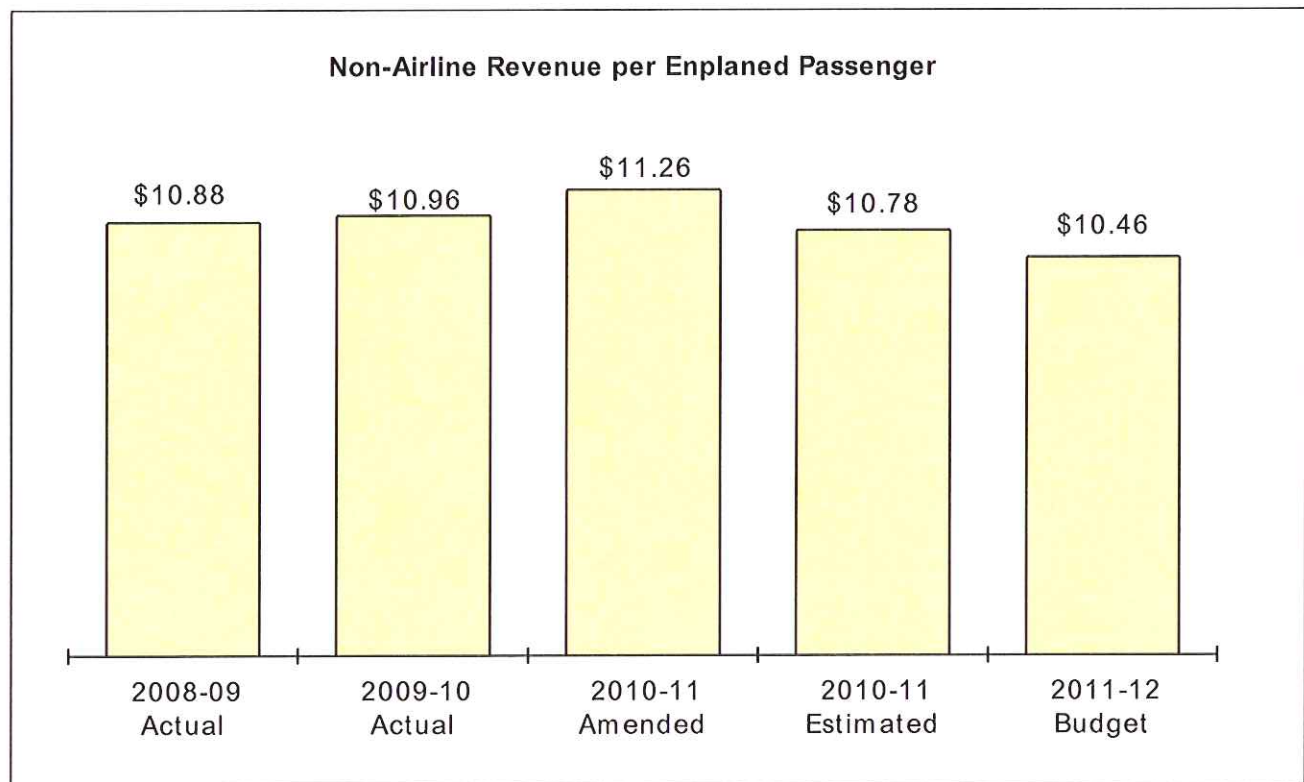
Jim Smith - Executive Director

A handwritten signature in blue ink, which appears to read "Jim Smith".

Budget Highlights

Austin-Bergstrom International Airport operates as an enterprise fund of the City of Austin and is self-sustaining; it does not receive tax revenue, thus functioning without burdening the City budget or tax payer. Austin's airport has operated in this fashion since 1982. Funding to finance operating expenses and development is generated by fees and rent paid by airlines, concessions and passengers; in addition, ABIA receives grants, including federal Airport Improvement Program (AIP) grants. In order to comply with federal regulations and to ensure ABIA is eligible to receive AIP funds, all revenue generated by the airport is retained by the airport for the capital or operating costs of the airport.

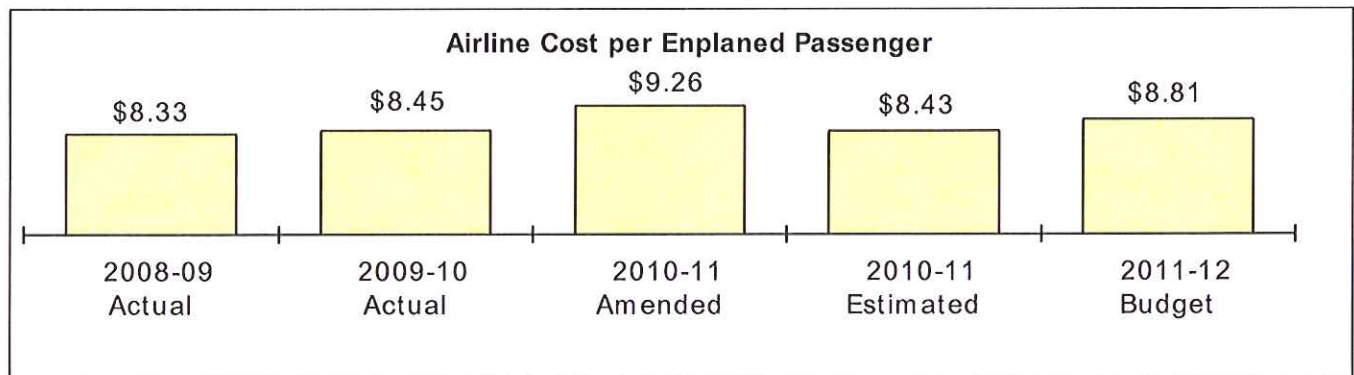
In the FY 2011-12 Operating Budget, the Airport Fund receives 45.6% of its total revenue from airlines and 54.1% from non-airline fees, such as parking, concessions, rentals and other fees. Landing fees and terminal lease revenue are projected to increase 2.4%, while non-airline revenue is expected to decrease 0.1%.; although passenger traffic is projected to increase by 3% in FY 2011-12, the non-airline revenue is expected to decrease \$0.80 per passenger, which is approximately 7.1%. Aviation's goal is to generate at least \$10.46 of non-airline revenue per enplaned passenger in FY 2011-12.



The airline cost per enplaned passenger is one of the Department of Aviation's key indicators and a key indicator of the airport industry. This measure is a function of airport costs and enplanement trends. The FY 2011-12 Budget includes airline costs of \$20.4 million in landing fees and \$20.9 million in terminal rent and other fees. The airlines' landing fees are based on the estimated landed weight of commercial and cargo carriers and are set to recover the City's costs for the construction, operation, and maintenance of the airfield. Terminal rents are paid by the airlines and are intended to recover the capital, operating, and maintenance costs associated with the airlines' use of the terminal.

The FY 2011-12 goal for airline cost per enplaned passenger is \$8.81, a 4.9% decrease over the FY 2010-11 goal of \$9.26. The decrease is due to the projected increase in passenger traffic, the Department's moderate operating expenses increase

of 2.7% and a decrease in debt service requirements. Providing quality facilities while controlling costs is critical to maintaining a reasonable cost per enplaned passenger.



There are two new positions included in the Department of Aviation's FY 2011-12 Budget: an Airport Maintenance Supervisor for Aviation's Building Maintenance Division and a Heavy Equipment Operator Lead for the Airside Maintenance Division.

To ensure adequate funding for debt service coverage, a \$7.8 million transfer from the Airport Capital Fund is to be made to the Operating Fund. Debt Service requirements total \$18.1 million, a decrease of \$2.0 million. Projected revenue in excess of requirements, \$16.8 million, is to be transferred to the Airport Capital Fund and used for capital improvement projects.

Employee Benefits

The Budget includes a \$350,000 increase in the contribution to the Employees' Retirement System; it also includes \$523,000 for annualized costs associated with Pay for Performance implemented in FY 2010-11. An increase of 10.0%, or \$327,000, for medical insurance is included as well.

Capital Budget

The FY 2011-12 Capital Budget includes \$21.8 million for ABIA Capital Improvements and \$1.6 million for vehicles.

The Department's Capital Improvements Program (CIP) is a cornerstone in its mission to provide safe, secure, and efficient air transportation facilities and services that support and improve the quality of life and the economic prosperity of Central Texas. The program ensures that campus and facilities are improved, repaired and expanded to an adequate level of safety, security and efficiency. In addition, the program is an integral part of the Aviation's plan for a sustainable future.

ABIA's capital projects are primarily funded by the Airport Capital Fund and Airport Improvement Program (AIP) grants. Each year, the Airport Operating Fund is required to transfer the excess of available funds over total requirements, less a reserve for future operating expenses, to the Airport Capital Fund. These funds may be used only for lawful purposes related to the Airport System, including expenditures associated with the Airport's CIP.

The economic recovery and the condition of the Austin area economy are primary factors in the financial health of ABIA and its ability to fund capital projects.

The Department is anticipating significant federal budget cuts in the near future due to the national debt; thus, available AIP funds will be reduced and airports across the nation will be competing for these reduced funds. Moreover, the federal grant system for construction assistance funding appears to be less reliable in the current political climate, which may delay implementation of ABIA's AIP grant-eligible projects. Capital improvements planned in the FY 2011-12 CIP will be funded with airport capital. A bond issue may be considered in 2015 or 2016 depending on passenger growth necessitating the beginning of a terminal expansion program. The terminal building is nearing capacity, particularly at the passenger security checkpoints.

In addition, ABIA is faced with the challenge of implementing a CIP program that responds to an airline industry that is operating in unpredictable market conditions while still remaining affordable.

The focus of the FY 2011-12 CIP is to address landside issues. The Presidential Boulevard Roadway Safety and Security Improvements will enhance safety and capacity on the main airport road and enhance security on the terminal curbsides. There are also terminal projects which address both safety and capacity issues. The airside projects are small and focus on critical safety and security repairs.

Aviation

Significant Changes

Airport Fund

Revenue Changes	Dollars
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The budget includes an increase for revenue from airline terminal rent due to higher operating requirements and eleven completed capital improvement projects (CIP).	\$957,000
The budget includes an increase for parking revenue due to the projected passenger increase.	\$519,000
Other concessions revenue is projected to decrease due primarily to the projected lower revenue per enplaned passenger for rental car, food and beverage, and news and gifts.	(\$278,000)
Other Rentals & Fees are projected to decrease driven primarily by reduced tenant telephone services revenue and cargo ramp use fee revenue.	(\$277,000)
The budget includes a decrease for interest income due to the decreased interest rates.	(\$214,000)
Decrease in transfers from the Capital Fund due to reduced debt service coverage needs.	(\$513,180)

Expenditure Changes	FTEs	Dollars
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City-wide

The budget includes increases for costs associated with Pay for Performance.		\$522,549
Included in the Budget is an increase for anticipated changes in the City's contribution for health insurance.		\$327,060
The Budget includes a stipend for the Employees' Retirement Systems that is equivalent to 2% of payroll for non-civil service employees.		\$350,485

Facilities Management, Operations and Airport Security

An Airport Maintenance Supervisor position is included in the Budget to provide evening shift supervision to the building and airline maintenance division.	1.00	\$73,910
The Budget includes funds for the Airport Police Department (APD) reimbursement expenses for costs associated with salary increases and the addition of two new police officers.		\$198,632
Interdepartmental service costs increased due to the collective bargaining increases for all firefighters.		\$130,510
Funding is included for a Heavy Equipment Operator Lead position mainly to provide weekend shift supervision to the airfield maintenance division.	1.00	\$57,793
Funding is included for Bridges and carousels for the Airlines maintenance division.		\$86,848
The mandated Green Choice renewable energy is included in the Budget.		\$200,000

Aviation

Significant Changes

Airport Fund		
Expenditure Changes	FTEs	Dollars
The budget includes reductions for water and gas costs.		(\$182,809)
Electrical/lighting and construction material costs are projected to increase.		\$111,500
Building maintenance contractals are projected to increase.		\$219,836
A decrease in the Budget is included for parts for vehicles to achieve costs containment goal.		(\$100,000)
Airport Planning and Development		
The Budget includes a reduction in expense refunds.		\$48,000
Business Services		
Funding is included for an Increase in parking equipment maintenance and the parking administration contract.		\$65,552
Increase in fuel cost due to rising commodity prices and transition from propane to natural gas.		\$102,229
Decrease in shuttle buses lease budget due to the decision to purchase rather than the lease option.		(\$261,000)
Support Services		
The Budget includes increases for computer hardware & software maintenance and IT consulting services.		\$290,618
Non-Capital computer hardware and software funding was transferred to the CIP fund.		(\$529,800)
The budget includes funding for a subscription for a Capital Improvement Program (CIP) reporting tool.		\$46,500
Funding is included for fees associated with the administration of the variable rate debt.		\$328,362
An increase is included in the Budget for additional air service development services.		\$50,000
General liability insurance premium costs will decrease.		(\$124,448)
The Budget includes a decrease in the administrative miscellaneous costs to contribute towards costs containment efforts.		(\$200,000)
The Budget includes the Increase of airline incentives to attract new air service.		\$52,350
Transfers/Other requirements		
Decrease in debt service requirements due to lower interest rates.		(\$1,991,250)

Aviation

Significant Changes

Airport Fund		
Expenditure Changes	FTEs	Dollars
Decrease in the Trunked radio allocation and the operating reserve.		(\$286,684)
The Budget includes a reduction in the CTM transfer.		(\$263,666)
Funding is included for the CTECC transfer increase.		\$84,769
An increase in the Citywide administrative support transfer is included in the Budget.		\$197,146
A decrease in accrued payroll, liability reserve, and worker's compensation is included in the Budget.		(\$55,405)
An increase is included in the Budget for the contribution to the Airport Capital Fund, which reflects the excess of available funds over total requirements.		\$613,776

FY12 Proposed Budget Non-Airline Revenue Analysis

ENPLANED PASSENGERS	FY10	FY11	% Change	FY12 Budget
October	366,747	381,906	4.13%	
November	343,369	372,492	8.48%	
December	353,737	427,168	20.76%	
January	303,053	320,267	5.68%	
February	276,785	303,871	9.79%	
March	363,280	399,305	9.92%	
TOTAL ENPLANED PASSENGERS	2,006,971	2,205,009	9.87%	4,692,000

PARKING REVENUES	Mar 2010	Mar 2011	% Change	FY12 Budget
Parking	11,580,301	12,349,216	6.6%	25,441,000
Rev / enp	\$5.77	\$5.60	-2.9%	\$5.42
Off Airport Parking	398,767	490,346	23.0%	981,000
TOTAL PARKING REVENUES	11,979,068	12,839,562	7.2%	26,422,000
	\$5.97	\$5.82	-2.4%	\$5.63

OTHER CONCESSIONS	Mar 2010	Mar 2011	% Change	FY12 Budget
Rental Cars	4,463,528	4,649,535	4.2%	9,579,000
Rev / enp	\$2.22	\$2.11	-5.2%	\$2.04
Food and Beverage	1,302,379	1,500,078	15.2%	3,090,000
Rev / enp	\$0.65	\$0.68	4.8%	\$0.66
Advertising	64,346	196,463	205.3%	550,000
Rev / enp	\$0.03	\$0.09	177.9%	\$0.09
Telephone	128,471	187,120	45.7%	398,000
Rev / enp	\$0.06	\$0.08	32.6%	\$0.08
News and Gift	1,122,077	1,091,422	-2.7%	2,248,000
Rev / enp	\$0.56	\$0.49	-11.5%	\$0.49
Ads Barter Revenue	22,175	16,230	-26.8%	27,000
Rev / enp	\$0.01	\$0.01	-33.4%	\$0.01
Airline Catering	81,095	81,296	0.2%	163,000
Vending Commissions	95,662	104,355	9.1%	209,000
Miscellaneous	1,532	1,706	11.4%	3,000
TOTAL OTHER CONCESSIONS	7,281,265	7,828,205	7.5%	16,267,000
	\$3.63	\$3.55	-2.1%	\$3.47

FY12 Proposed Budget

Non-Airline Revenue Analysis

OTHER RENTALS & FEES	Mar 2010	Mar 2011	% Change	FY12 Budget
Building-FBOs	242,188	249,364	3.0%	499,000
Building - Other	642,151	643,969	0.3%	1,288,000
Ground Rent	441,295	421,426	-4.5%	843,000
Telephone - STS	0	210,353	--	421,000
Bldg Maint Reimb	0	63,159	--	126,000
Facility Svcs Reimb	0	24,749	--	49,000
Hotel	223,360	226,867	1.6%	454,000
GTSA Shuttle Permits	21,125	12,030	-43.1%	24,000
Taxi-Cab	149,812	121,782	-18.7%	244,000
Cargo Facilities	100,791	101,975	1.2%	204,000
Fuel Flowage	265,394	297,838	12.2%	596,000
Fuel Facility Fees	372,063	373,313	0.3%	747,000
Cargo Ramp Use Fee	266,686	218,208	-18.2%	436,000
Other	105,664	146,787	38.9%	294,000
Cash Over/Short	4,244	4,457	5.0%	9,000
Property Sales	0	17,186	--	34,000
GSEM User Fee	19,062	19,062	0.0%	38,000
Airport ID Badges, Fingerprints,	26,652	30,510	14.5%	61,000
Top Caps	0	0	--	-
Sale of Plans and Specs	0	0	--	-
TOTAL OTHER RENTALS & FEES	2,880,487	3,183,035	10.5%	6,367,000
	\$1.44	\$1.44	0.6%	\$1.36

	Mar 2010	Mar 2011	% Change	FY12 Budget
TOTAL NON AIRLINE REVENUE	22,140,820	23,850,802	7.7%	49,056,000
	\$11.03	\$10.82	-2.0%	\$10.46

**City of Austin - Aviation Department
2012 Operating Budget**

Mandated increases:

Insurance - 10%	327,060	
Pay for performance - 3%	522,549	
ARFF - 3% salary increases	130,510	
APD - 3% increase, \$104,748 for two new officers	198,632	
Fuel	40,308	
Green choice - electricity	<u>200,000</u>	
		1,419,059
		2.51%

Other increases/decreases:

2 New FTEs (Heavy equipment operator lead and Building maintenance supervisor)	131,704	
Utilities decrease for water and gas costs	(181,853)	
Building maintenance increase for electrical/lighting and construction materials costs	111,500	
Other miscellaneous increases	<u>64,287</u>	
		125,638
		0.22%

Total Increases	1,544,697	2.74%
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Total 2011 Approved budget	56,478,336
Total 2012 Operating Budget	58,023,033
	<u>1,544,697</u>
	2.74%

Austin Bergstrom International Airport

	FY2010				FY2011				FY2012			
	FY 2010 Approved Budget	FY 2010 Actual	Variance \$ fav (unfav) FY 2010	Variance % fav (unfav) FY 2010	FY2011 Approved Budget	FY 2011 Estimate	Variance \$ fav (unfav) FY 2011	Variance % fav (unfav) FY 2011	FY2012 Proposed 6/7/2011	Variance \$ fav (unfav) FY11 vs FY12	Variance % fav (unfav) FY11 vs FY12	
Enplanements	4,234,000	4,257,715	23,715	0.56%	4,361,000	4,555,000	194,000	4.45%	4,692,000	331,000	7.59%	
Landed Weight	6,000,000	5,540,561	(459,439)	-7.66%	6,000,000	6,000,000	-	0.00%	6,000,000	-	0.00%	
Airline Revenue												
Terminal Rental & Other Fees	18,190,000	17,220,592	(969,408)	-5.33%	19,964,000	19,324,000	(640,000)	-3.21%	20,941,000	977,000	4.9%	
Landing Fees	18,801,000	18,762,381	(38,619)	-0.21%	20,400,000	19,083,000	(1,317,000)	-6.46%	20,380,000	(20,000)	-0.1%	
Total Airline Revenue	36,991,000	35,982,973	(1,008,027)	-2.73%	40,364,000	38,407,000	(1,957,000)	-4.85%	41,321,000	957,000	2.4%	
Non-airline Revenue												
Parking	25,963,000	25,201,028	(761,972)	-2.93%	25,903,000	26,782,416	879,416	3.40%	26,422,000	519,000	2.0%	
Food and Beverage	2,765,000	2,707,327	(57,673)	-2.09%	3,115,000	3,118,119	3,119	0.10%	3,090,000	(25,000)	-0.8%	
Retail	2,288,000	2,252,821	(35,179)	-1.54%	2,438,000	2,257,685	(180,315)	-7.40%	2,248,000	(190,000)	-7.8%	
Rental Car	8,993,000	8,881,805	(111,195)	-1.24%	9,699,000	9,404,317	(294,683)	-3.04%	9,579,000	(120,000)	-1.2%	
Other Concessions	1,111,000	1,012,359	(98,641)	-8.88%	1,293,000	1,163,815	(129,185)	-9.99%	1,350,000	57,000	4.4%	
Total concessions	15,157,000	14,854,312	(302,688)	-2.00%	16,545,000	15,943,936	(601,064)	-3.63%	16,267,000	(278,000)	-1.7%	
*Other Non-airline Revenue	5,856,000	6,607,544	751,544	12.83%	6,644,000	6,378,019	(265,981)	-4.00%	6,367,000	(277,000)	-4.2%	
Total Non-airline Revenue	46,976,000	46,662,884	(313,116)	-0.67%	49,092,000	49,104,371	12,371	0.03%	49,056,000	(36,000)	-0.1%	
Interest Revenue	720,000	431,264	(288,736)	-40.10%	450,000	226,342	(223,658)	-49.70%	236,000	(214,000)	-47.6%	
Total Revenue	84,687,000	83,077,121	(1,609,879)	-1.90%	89,906,000	87,737,713	(2,168,287)	-2.41%	90,613,000	707,000	0.8%	
Operating Expenses												
Operating Expenses (Non-capital)	53,970,023	50,540,845	3,429,178	6.35%	54,913,336	53,314,795	1,598,541	2.91%	57,139,981	(2,226,645)	-4.05%	
Non-CIP Capital	1,735,380	827,823	907,557	52.30%	1,565,000	2,664,109	(1,099,109)	-70.23%	883,052	681,948	43.57%	
Total Operating Expenses	55,705,403	51,368,668	4,336,735	7.79%	56,478,336	55,978,904	499,432	0.88%	58,023,033	(1,544,697)	-2.74%	
City Administrative Requirements	2,911,220	2,911,220	-	0.00%	3,162,079	3,162,079	-	0.00%	3,095,559	66,520	2.10%	
Other Requirements	1,640,709	1,383,076	257,633	15.70%	2,273,529	2,485,000	(211,471)	-9.30%	2,366,694	(93,165)	-4.10%	
Total Expenses	60,257,332	55,662,964	4,594,368	7.62%	61,913,944	61,625,983	287,961	0.47%	63,485,286	(1,571,342)	-2.54%	
Debt Service												
Variable notes	977,315	73,675	903,640	92.46%	741,041	140,314	600,727	81.07%	418,849	322,192	43.48%	
Fixed	4,536,968	4,509,000	27,968	0.62%	4,555,851	4,555,047	804	0.02%	10,201,322	(5,645,471)	-123.92%	
Swap	28,043,137	23,464,582	4,578,555	16.33%	28,840,651	25,242,322	3,598,329	12.48%	21,196,547	7,644,104	26.50%	
Total Debt Service	33,557,420	28,047,257	5,510,163	16.42%	34,137,543	29,937,683	4,199,860	12.30%	31,816,718	2,320,825	6.80%	
PFC offset	(14,085,102)	(12,370,371)	(1,714,731)	12.17%	(14,009,330)	(12,778,191)	(1,231,139)	8.79%	(13,679,803)	(329,527)	2.35%	
Net Debt Service	19,472,318	15,676,886	3,795,432	19.49%	20,128,213	17,159,492	2,968,721	14.75%	18,136,915	1,991,298	9.89%	
Total Requirements	79,729,650	71,339,850	8,389,800	10.52%	82,042,157	78,785,475	3,256,682	3.97%	81,622,201	419,956	0.51%	
Net Profit	4,957,350	11,737,271	6,779,921	136.77%	7,863,843	8,952,238	1,088,395	13.84%	8,990,799	1,126,956	14.33%	
Bag of Yr Transfer from Cap Fund	7,930,449	7,930,449	-	0.00%	8,341,513	8,341,513	-	0.00%	7,828,333	(513,180)	-6.15%	
End of Yr Transfer to Cap Fund	12,887,799	19,667,720	6,779,921	52.61%	16,205,356	17,293,751	1,088,395	6.72%	16,819,132	613,776	3.79%	
Net Profit available for Capital Projects	4,957,350	11,737,271	6,779,921	136.77%	7,863,843	8,952,238	1,088,395	13.84%	8,990,799	1,126,956	14.33%	

AIRPORT CAPITAL FUND

	2008-09 ACTUAL	2009-10 ACTUAL	2010-11 AMENDED	2010-11 ESTIMATED	2011-12 PROPOSED
BEGINNING BALANCE	82,275,981	74,167,341	65,362,265	63,513,552	59,992,790
REVENUE					
Interest Earnings	1,726,613	749,778	823,000	352,000	352,000
TOTAL REVENUE	1,726,613	749,778	823,000	352,000	352,000
TRANSFERS IN					
Airport Fund (1)	15,225,767	19,688,969	16,205,356	17,293,751	16,819,132
TOTAL TRANSFERS IN	15,225,767	19,688,969	16,205,356	17,293,751	16,819,132
TOTAL AVAILABLE FUNDS	16,952,380	20,438,747	17,028,356	17,645,751	17,171,132
TRANSFERS OUT					
Aviation - CIP	17,914,657	23,162,087	12,825,000	12,825,000	20,702,000
Airport Fund	7,146,363	7,930,449	8,341,513	8,341,513	7,828,333
TOTAL TRANSFERS OUT	25,061,020	31,092,536	21,166,513	21,166,513	28,530,333
TOTAL REQUIREMENTS	25,061,020	31,092,536	21,166,513	21,166,513	28,530,333
EXCESS (DEFICIENCY) OF TOTAL AVAILABLE FUNDS OVER TOTAL REQUIREMENTS	(8,108,640)	(10,653,789)	(4,138,157)	(3,520,762)	(11,359,201)
ENDING BALANCE	74,167,341	63,513,552	61,224,108	59,992,790	48,633,589
FUND BALANCE					
Reserve for Retirement of Variable Rate Notes (2)	13,780,358	15,954,419	15,715,409	18,061,848	20,168,804
Unreserved	60,386,983	47,559,133	45,508,699	41,930,942	28,464,785
ENDING BALANCE	74,167,341	63,513,552	61,224,108	59,992,790	48,633,589

(1) As required by the Airport Revenue Bond ordinance, the excess of available funds over total requirements is to be transferred annually to the Airport Capital Fund from the Airport Operating Fund. The amount of this transfer is calculated and processed near the end of each fiscal year. Capital Improvement Projects, including new airport planning and development, may be funded with money available in the Airport Capital Fund.

(2) Variable rate notes principal amortization initiated for FY 2002. Recover 50% from airlines in their rates and charges. Reserve includes interest earned on amounts recovered.

Airport Capital Fund

Purpose and Nature of Fund

The Airport Capital Fund was established in September 1989 by ordinance authorizing the issuance of \$30 million Airport System Prior Lien Revenue Bonds for new airport development. As specified in the ordinance, the Airport Operating Fund is required to transfer the excess of available funds over total requirements, less a reserve for future operating expenses, to the Airport Capital Fund on an annual basis. These funds may be used only for lawful purposes related to the Airport System, including expenditures associated with the Airport Capital Improvements Program (CIP).

Factors Affecting Revenue

Total available funds of \$17.2 million are projected for FY 2011-12. The major source of available funds is a projected transfer of \$16.8 million from the Airport Operating Fund. Interest income of \$352,000 is also projected.

Factors Affecting Requirements

A transfer to Austin-Bergstrom International Airport CIP fund will provide \$20.7 million in funding for capital projects associated with improvements at the new airport. Additionally, a \$7.8 million transfer to the Airport Operating Fund is anticipated to assure adequate funding for debt service coverage and Operating Fund requirements.

	2008-09 Actual	2010-11 Actual	2010-11 Amended	2010-11 Estimated	2010-11 Proposed
Revenue	\$1,726,613	\$749,778	\$823,000	\$352,000	\$352,000
Transfers In	\$15,225,767	\$19,688,969	\$16,205,356	\$17,293,751	\$16,819,132
Requirements	\$25,061,020	\$31,092,536	\$21,166,513	\$21,166,513	\$28,530,333