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TO: San Bernardino International Airport Authority Commission

DATE: October 26, 2022

ITEM NO: 13

PRESENTER: Mark Cousineau, Director of Finance

SUBJECT: CONSIDER AND ADOPT PROPOSED BUDGET ADJUSTMENTS FOR FISCAL YEAR 2022-2023

SUMMARY

The proposed adjustments to the Fiscal Year 2022-2023 San Bernardino International Airport Authority's (SBIAA) budget are to fund the increase in various expenses related to improvements, repairs and replacement work required to initiate passenger air service, casualty losses, and airport operations. This proposed adjustment for Fiscal Year 2022-2023 is detailed in the "Proposed Budget Adjustments Table."

RECOMMENDED ACTION(S)

Consider and adopt budget adjustment reflected in the "Proposed Budget Adjustments Table" for Fiscal Year 2022-2023.

FISCAL IMPACT

The composition for the requested adjustments are detailed in the "Proposed Budget Adjustments Table". The combined net effect on the San Bernardino International Airport Authority's Fiscal Year 2022-2023 Budget, if approved, would be a net decrease in net income of \$817,657. SBIAA has sufficient revenues in the current adopted budget, cash on hand, and other resources to cover the net effect for this budget adjustment.

PREPARED BY:	Mark Cousineau
CERTIFIED AS TO AVAILABILITY OF FUNDS:	Mark Cousineau
APPROVED AS TO FORM AND LEGAL CONTENT:	Scott Huber
FINAL APPROVAL:	Michael Burrows

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BACKGROUND INFORMATION

On May 16, 2022, the Commission conducted a budget workshop to receive information and provide direction on proposed expenditures and capital projects totaling \$2,492,233 to prepare for the initiation of new passenger service. The SBIAA Executive Ad Hoc Committee previously reviewed this portfolio of proposed expenditures. It was anticipated that the proposed expenditures would bridge Fiscal Years 2021-2022 and 2022-2023, affecting both fiscal years based on the work performed in each fiscal year.

On June 22, 2022, the San Bernardino International Airport Authority (SBIAA) Commission adopted the SBIAA Budget for Fiscal Year 2022-2023. SBIAA staff determined the following adjustments are necessary based on changes since the budget was approved.

The net effect of the proposed budget adjustments is a decrease of budgetary net income by \$817,657. The total increase in revenues and estimated revenues in the proposed budget adjustments is \$559,806 and the total increase in the proposed and ratified expenditures is \$817,657. The increase in budgetary revenues is from insurance claim recoveries, an anticipated reimbursement from the City of San Bernardino; and FAA grants. Increases in expenditures is for various expenses necessary to initiate and support passenger air service (\$315,475), insured losses (\$330,005), increased airport operating costs (\$34,743) for insurance, temporary labor, and increased water usage; and critical airport infrastructure projects (\$697,240).

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PROPOSED BUDGET ADJUSTMENTS TABLE

Proposed Adjustments			Approved Budget	Proposed Adjustments	Adjusted Budget
<i>Expenditures & Transfers Out</i>					
A	General Fund	50145 - Temporary Services	\$ 20,000	\$ 20,000	\$ 40,000
B	General Fund	50340 - Insurance	350,000	(53,828)	296,172
B	Property Management	50340 - Insurance	120,000	64,115	184,115
B	Luxivair-SBD (FBO)	50340 - Insurance	45,000	(2,544)	42,456
C	Luxivair-SBD (FBO)	50414 - Water / Sewer	35,000	7,000	42,000
D	General Fund	50422 - Landscape Maintenance	65,000	46,750	111,750
E	Capital Project Fund	51807 - Land, Road, Parking Improvement	320,000	118,725	438,725
F	Luxivair-SBD (FBO)	50435 - Fuel Truck Maintenance	50,000	165,253	215,253
G	General Fund	50290 - Advertising	500,000	100,000	600,000
G	General Fund	50550 - Professional Services-Marketing	132,000	50,000	182,000
H	Capital Project Fund	52270 - FAA-Taxiway Shoulder Project	3,983,650	348,620	4,332,270
I	Capital Project Fund	52603 - Runway Joint Seal Project	3,834,392	348,620	4,183,012
J	Property Management	51810 - Insurance Claims	360,000	164,752	524,752
Increase (Decrease) in expenditures & transfers out					1,377,463
<i>Revenues & Transfers In</i>					
D	General Fund	42600 - Income Other	35,000	46,750	81,750
F	Luxivair-SBD (FBO)	41931 - Insurance Claims Recovery	-	106,852	106,852
H, I	Capital Project Fund	41900 - Grant Revenue-FAA	6,400,000	266,452	6,666,452
J	Property Management	41931 - Insurance Claims Recovery	-	139,752	139,752
Increase (Decrease) in revenues & transfers in					559,806
Net Budget Adjustment, Expenditures in Excess of Revenues					\$ 817,657

Notes:

- A:** Increase for backfilling of vacant Facilities and Grounds positions with temporary employees. Offset by decreased costs in Account 50000, Salaries & Wages.
- B:** A net increase of \$7,743 in insurance premiums with allocation of insurance premiums among funds based on risk exposure.
- C:** Increase reflects increased water and sewerage charges from higher usage at 2011 Perimeter Rd adjacent to Luxivair-SBD (FBO).
- D:** Increase for landscape maintenance performed on City of San Bernardino lighting and landscape assessment district (Tippecanoe & Harry Shepard) to support the initiation of passenger service for which reimbursement from the City is anticipated.

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- E:** An increase for Domestic Terminal parking improvements and enhancements performed to prepare the airport for the initiation of passenger service to ensure an aesthetic and safe patron experience. Projects completed include \$116,375 for Terminal Parking Lot Trees and Curb Removal (June 22, 2022, Item No. 16); \$31,888 for ADA Compliance path of travel additional scope safety work (July 19, 2022, File Memo, J. Barrow) for a total of \$148,263.
- F:** Net increase of \$58,401 for cost of repairs to 10,000-gallon refueler arising from accident during operation at fuel farm offset by insurance recoveries.
- G:** Increases advertising (\$100,000) and marketing (\$50,000) proposed expenditures to support SBD passenger service and expansion of routes for a total amount of \$150,000.
- H:** Net increase of \$215,394 for FAA required independent project oversight of this critical airport infrastructure project (taxiway shoulders) that is 90% FAA reimbursable.
- I:** Net increase of \$215,394 for FAA required independent project oversight of this critical airport infrastructure project (runway joint seals) that is 90% FAA reimbursable.
- J:** Net increase of \$25,000 for cost of emergency sanitary sewer repairs at Hangar 763 offset by anticipated insurance recovery.

Staff recommends the Commission approve the proposed budget adjustments.

Attachments:

1. None