



INDIANAPOLIS AIRPORT AUTHORITY



2013 APPROPRIATION BUDGET

ORDINANCE No. 2-2012
BOARD APPROVED AUGUST 17, 2012

2013 Appropriation Budget Table of Contents Board Approved August 17, 2012



- 1 Appropriation Summary
- 2 Budget Overview
- 3 Airport System Fund Expenses
- 4 Capital Improvement Fund
- 5 Rates and Charges

Supplemental Schedules:

- 6-7 Capital Improvement Program Summary
- 8 Airport System Fund Revenues
- 9 Capital Improvement Fund – Sources of Funds Projections



Appropriation Summary

<i>(\$000)</i>	2012 Total	Published * 2013 Total	Approved by
			City-County Council 2013 Total
Personal Services	\$ 31,179	\$ 30,301	\$ 30,301
Supplies & Materials	4,625	5,069	5,069
Contractual Services and Debt Service	164,012	161,800	161,700
Operating Capital	165	537	537
Total Airport System Fund	\$ 199,981	\$ 197,707	\$ 197,607
Total Capital Improvement Fund	\$ 64,729	\$ 63,848	\$ 63,848

* Appropriation amount published in local newspapers on 7/10 and 7/17



Budget Overview

Indianapolis Airport Authority

The Authority is pleased to offer for your consideration the proposed 2013 operating budget. The 2013 proposed budget emphasizes safety and security, operational efficiency and excellence in customer service, while being conscientious of the costs borne by our Airline partners. The goal of the Authority is to continue to attract air carriers to the Indianapolis Airport system by keeping the airlines' costs low, and to be a good steward to the traveling public within Central Indiana and the surrounding region.

Overriding Financial Achievements within this budget include:

- 2013 Airline rates achieve 5 year airline use agreement targets
- Debt Coverage ratios exceeding required minimum of 1.25
- Liquidity: Adequate cash flow to service outstanding debt and capital program

The IAA management team created the 2013 budget in concert with the Strategic plan with financial goals of increasing non-airline revenue, keeping operating cost increases to a minimum, funding the capital program without taking on new debt, maintaining adequate liquidity and maximizing leasing flexibility to attract new tenants. Highlights of assumptions used in the 2013 budget include:

Expense

Payroll	3.0%	average increase
Benefits	8.0%	increase in health benefits
	4.0%	retirement match
	5.0%	increase to workers compensation
Utilities	19.0%	increase in natural gas cost
	1.0%	increase in electrical cost
Fuel	15.0%	increase in Diesel fuel cost
	14.0%	increase in Gasoline cost
Snow/Ice	15.0%	increase in chemical cost due to increased fuel costs
Insurance	10.0%	increase due to market conditions and IAA's 2011 experience

Revenue

Fuel Flowage	no rate changes anticipated at this time
Parking	no rate changes anticipated at this time
CFC	no rate changes anticipated at this time

Marsha A. Stone
Sr. Director of Finance

Airport System Fund Expenses - Appropriated Budget



Indianapolis Airport Authority

	Ordinance 2-2011		Ordinance 2-2012	2013 vs 2012 Budget Ordinance	
	2012	2012	2013	Fav / (Unfav)	Variance
	Budget	Forecast	Budget	\$	%
OPERATING AND MAINTENANCE:					
Personal Services	\$ 31,179,000	\$ 30,626,000	\$ 30,301,000	\$ 878,000	2.8%
Utilities	9,995,000	8,834,000	9,397,000	598,000	6.0%
Contractual Services	18,601,000	19,556,000	17,482,000	1,119,000	6.0%
Supplies & Materials	4,625,000	5,050,000	5,069,000	(444,000)	-9.6%
Other Charges	2,215,000	2,153,000	2,190,000	25,000	1.1%
Capital Expenditures	165,000	443,000	537,000	(372,000)	-225.5%
Environmental Remediation	48,000	46,000	48,000	-	0.0%
Total Operating Expenses	66,828,000	66,708,000	65,024,000	1,804,000	2.7%
DEBT SERVICE:					
Special Leases - UAL	33,174,000	33,174,000	33,293,000	(119,000)	-0.4%
Interest Payments	61,734,000	61,678,000	59,560,000	2,174,000	3.5%
Principal Payments	38,245,000	38,245,000	39,730,000	(1,485,000)	-3.9%
Total Debt Service	133,153,000	133,097,000	132,583,000	570,000	0.4%
TOTAL AIRPORT SYSTEM FUND	\$ 199,981,000	\$ 199,805,000	\$ 197,607,000	\$ 2,374,000	1.2%
CAPITAL IMPROVEMENT FUND	\$ 64,729,000	\$ 64,729,000	\$ 63,848,000	\$ 881,000	1.4%

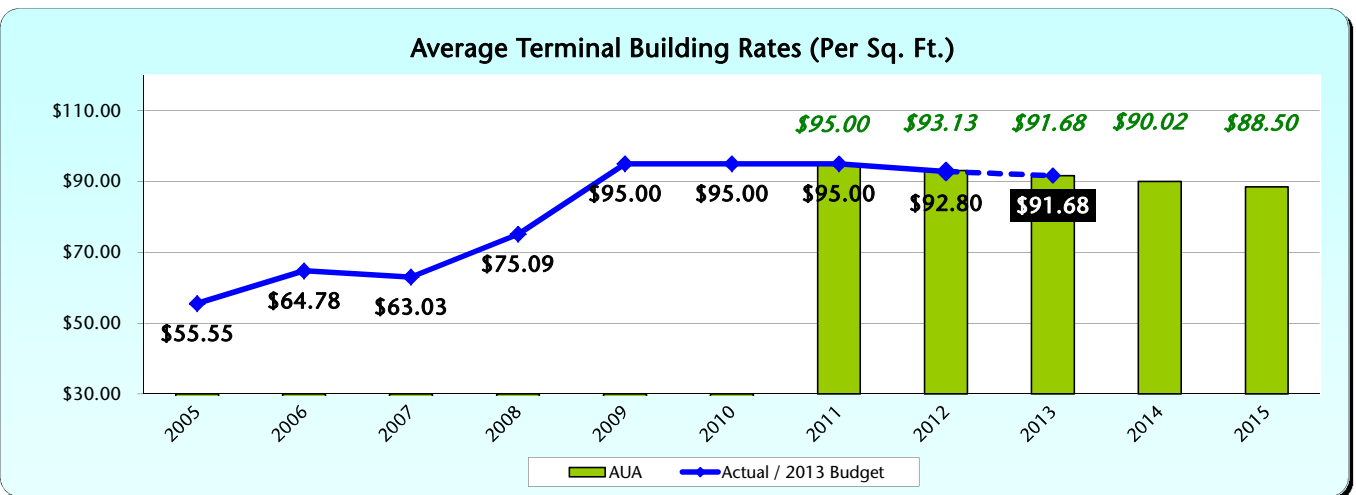
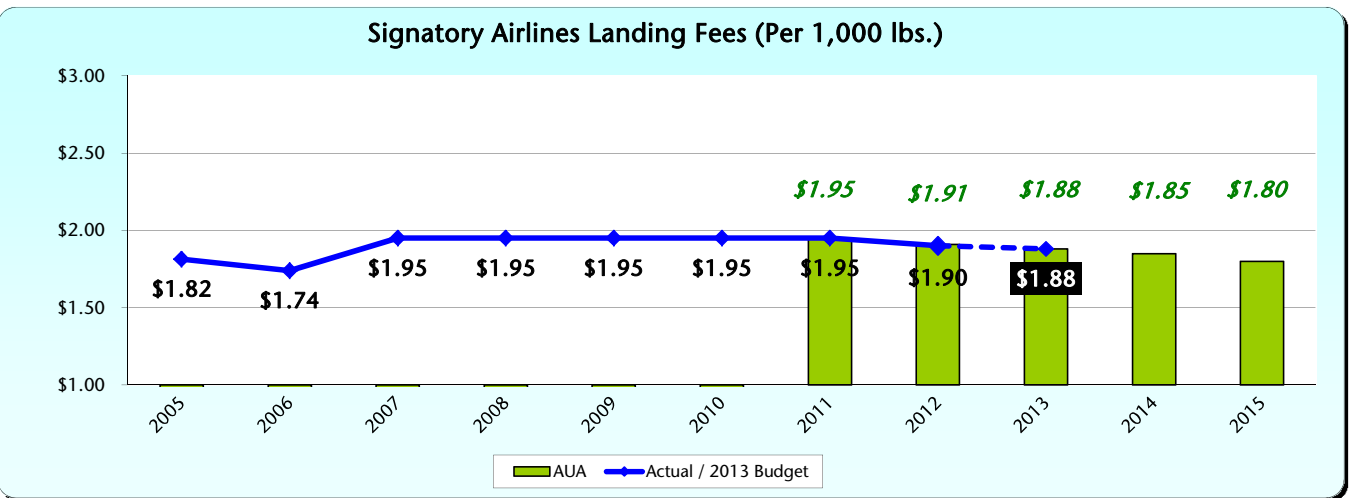
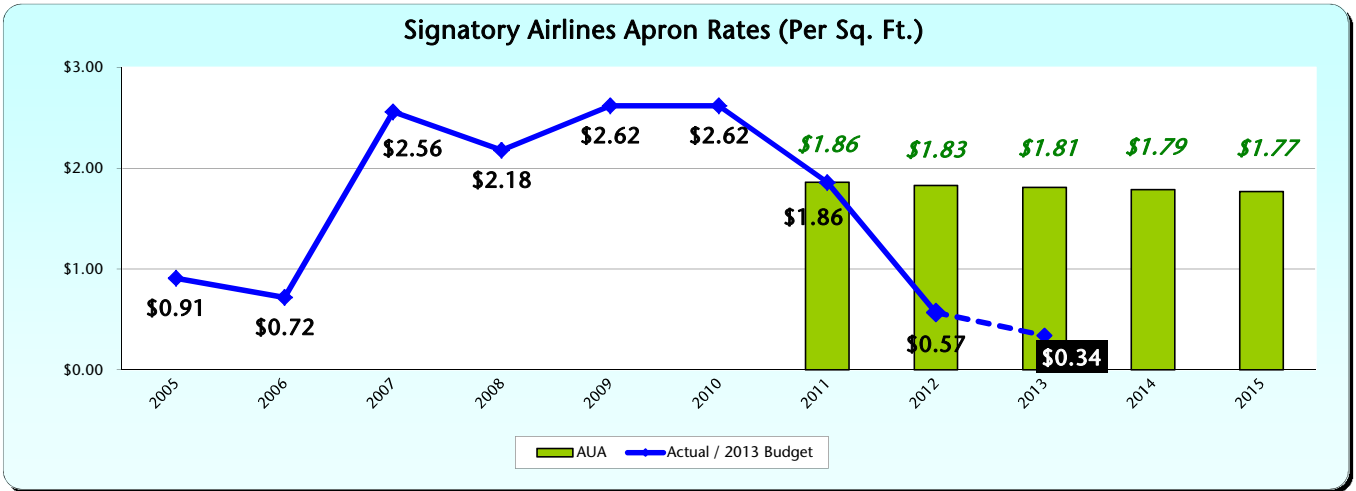
Capital Improvement Fund Appropriation - 2013



Indianapolis Airport Authority

New 2013 Projects		\$ 33,499
Rehabilitate Taxiway N	\$ 3,032	
(2012) Snow Equipment - Multipurpose Equipment (Fleet Replacement)	2,593	
Parking - Surface Lot Transpiration Program	1,750	
Property - USPS Building Rehabilitation	4,502	
Parking Facility Enhancements	2,250	
Property - Land Use Development	1,278	
Construct New Taxiway Connector Taxiway D to Cargo Apron	1,217	
Rehabilitate Airport Roads - 2013	1,935	
Demolition of Old Terminal and Associated Structures	2,100	
Parking Garage Improvements - 2013	1,438	
Other (Airport Funded Projects less than \$1m)	11,404	
On-going Projects - budgeted for spend in 2013		17,316
Rehabilitate Taxiway B	4,980	
Noise & General Airport System Land Acquisition	1,414	
Stormwater and Deicing Controls and Capacity - Phase 1A	6,025	
Other (5 Projects under \$1m)	4,897	
Subtotal (agrees to Program Summary p. 7)		\$ 50,815
Estimated potential carryover from prior year		10,033
Additional appropriation - unspecified revenue development projects		3,000
Total Capital Improvement Fund Appropriation		\$ 63,848

AUA - Rates and Charges



SUPPLEMENTAL SCHEDULES

*2013 PROJECT NUMBER	PROJECT TITLE	PROJECT TYPE	\$ in 000's							HURDLE RATE	
			TOTAL PROJECT COST	ACTUAL COST THRU 2011	2012 FORECAST COST	2013 PROJECT COST	PROJECTED SOURCE OF FUNDS 2013 CASH FLOW			INTERNAL RATE OF RETURN (IRR)	EXCLUSION IF NOT APPLIED
							ENTITLEMENT GRANTS	CONTINGENT DISCRETIONARY & OTHER GRANTS	AIRPORT FUNDS		
	<i>PROJECTS THAT ARE NOT SUBJECT TO MII VOTE (PROJECTS HIGHLIGHTED IN GRAY WILL BE FUNDED USING 2013 AIRPORT FUNDS GREATER THAN \$1M)</i>										
1	Rehabilitate Taxiway B	Capacity	16,097	-	567	4,980	3,735	-	1,245	N/A	Grant Funded
2	Rehabilitate Taxiway N	Capacity	3,032	-	-	3,032	2,274	-	758	N/A	Grant Funded
3	Noise & General Airport System Land Acquisition	Capacity	8,688	1,275	2,000	1,414	-	410	1,004	N/A	Regulatory / Capacity Enhancement
4	Environmental Documentation for IND Master Plan	Capacity	1,000	-	-	1,000	750	-	250	N/A	FAA Regulatory
5	CEP - Chiller Rebuild	Capacity	333	-	333	-	-	-	-	N/A	Maintenance of Irreplaceable System
6	(2012) Snow Equipment - Multipurpose Equipment (Fleet Replacement)	Safety	2,593	-	-	2,593	1,540	-	1,053	> 100%	-
7	Implement Energy Improvements - Terminal Heat Recovery Chiller	Environmental	675	-	-	675	-	-	675	12.65%	-
8	CEP - Add Emissions Controls to Emergency Diesel Generators	Environmental	134	-	-	134	-	-	134	20.83%	-
9	Computer, Server and Equipment Replacement Program (2013)	Information Technology	685	-	-	685	-	-	685	N/A	Replacement of Equipment with No Utility
10	Airport Management System Upgrades - Oracle Upgrade (2013)	Information Technology	600	-	-	600	-	-	600	N/A	Replacement of System with No Utility
11	Operational System Upgrades/Replacements	Information Technology	551	224	50	277	-	-	277	N/A	Replacement of System with No Utility
12	EVIDS Development Equipment	Information Technology	380	-	380	-	-	-	-	N/A	Replacement of Equipment with No Utility
13	Parking - Surface Lot Transportation Program	Vehicular Equipment Replacements	2,500	-	750	1,750	-	-	1,750	N/A	Parking Revenue Development Strategy
14	(2013) Aerial Lift Truck Replacement	Vehicular Equipment Replacements	129	-	-	129	-	-	129	14.05%	-
15	Purchase of Hydraulic Atrium Lift	Vehicular Equipment Replacements	335	-	335	-	-	-	-	N/A	Acquisition of Necessary Equipment
16	Property - USPS Building Rehabilitation	Revenue Development	7,541	-	758	4,502	-	-	4,502	RD	Site Preparation for Revenue Development
17	Parking Facility Enhancements	Revenue Development	4,472	-	250	2,250	-	-	2,250	RD	Parking Revenue Development Strategy
18	Property - Land Use Development	Revenue Development	2,028	-	750	1,278	-	-	1,278	RD	Site Preparation for Revenue Development
19	Construct New Taxiway Connector Taxiway D to Cargo Apron	Revenue Development	1,330	-	113	1,217	-	-	1,217	RD	Capacity Expansion
20	Property - Geographic Information System	Revenue Development	1,060	-	-	560	-	-	560	RD	Systems Improvement for Revenue Development
21	Property - Pre-development of Sites 404A/404B/404C	Revenue Development	680	-	150	530	-	-	530	RD	Site Preparation for Revenue Development
22	Property - Building 63 Rehabilitation	Revenue Development	238	-	-	238	-	-	238	RD	Site Preparation for Revenue Development
23	IMC Leasehold Utility Segregation	Revenue Development	212	-	-	212	-	-	212	RD	Lease Requirement
24	Eagle Hub Apron Rehabilitation	Revenue Development	1,514	-	-	136	-	-	136	RD	Site Preparation for Revenue Development
25	Rehabilitate Airport Roads - 2013	Non - Airfield Roadways	1,935	-	-	1,935	-	-	1,935	N/A	Replacement of Critical Infrastructure that can not be repaired economically
26	Demolition of Old Terminal and Associated Structures	Other	11,336	-	100	2,100	-	-	2,100	N/A	Site Preparation for Revenue Development
27	Parking Garage Improvements - 2013	Other	1,438	-	-	1,438	-	-	1,438	N/A	Repairs to Initial Construction
28	Property - Building 7 Rehabilitation	Other	702	-	-	702	-	-	702	N/A	Site Preparation for Revenue Development
29	Rehabilitation of Building 60 Roof	Other	659	-	-	659	-	-	659	N/A	Health Safety
30	Terminal Water Softening System	Other	-	-	39	351	-	-	351	N/A	Retrofit to Initial Construction
31	IMC - Roof Repairs to Seams & Flashings Back Shop, Supply & Out Buildings	Other	336	-	-	336	-	-	336	N/A	Lease Requirement
32	Advance Planning and Design - 2013	Other	250	-	-	250	-	-	250	N/A	Planning Capital
33	IAA Onsite Health Care Clinic	Other	435	-	435	-	-	-	-	N/A	Economics can not be accurately forecasted
34	IAA Office Moves 2011	Other	800	678	122	-	-	-	-	18.30%	Previously Calculated
35	Install Perimeter Fencing Phase 3 - Hendricks Co.	Relievers - Hendricks County Airport	549	-	-	549	165	343	41	N/A	Grant Funded
36	Structural Slab Replacement - Heliport	Relievers - Heliport	399	-	-	399	369	-	30	N/A	Grant Funded
37	Rehabilitate T-Hangar Taxilanes Phase II - Metropolitan	Relievers - Metro Airport	393	-	-	393	150	214	29	N/A	Grant Funded
38	Airport Layout Plan Update - Metropolitan	Relievers - Metro Airport	181	7	173	-	-	-	-	N/A	FAA Regulatory
39	Runway 7-25 & Taxiway Extension Phase III Construction - Indy Regional	Relievers - Indianapolis Regional Airport	2,593	-	-	2,593	150	2,247	195	N/A	Capacity Expansion / Grant Funded

*Project Numbers were only given to New Projects

**Project was previously approved; however cost increased more than 10%.

(1) Total includes only projects with forecasted spend in 2012 and beyond.

RD = Revenue Development Projects that are subject to the Hurdle Rate Policy, and as we enter into these projects, we will ensure that the appropriate Hurdle Rates are met before proceeding.

*2013 PROJECT NUMBER	PROJECT TITLE	PROJECT TYPE	\$ in 000's						HURDLE RATE		
			TOTAL PROJECT COST	ACTUAL COST THRU 2011	2012 FORECAST COST	2013 PROJECT COST	PROJECTED SOURCE OF FUNDS 2013 CASH FLOW			INTERNAL RATE OF RETURN (IRR)	EXCLUSION IF NOT APPLIED
							ENTITLEMENT GRANTS	CONTINGENT DISCRETIONARY & OTHER GRANTS	AIRPORT FUNDS		
Previously Approved	Rehabilitate Runway 5R-23L	Capacity	2,368	-	300	2,068	1,551	-	517	N/A	Grant Funded
Previously Approved	Master Plan for IND	Capacity	2,500	28	1,235	1,237	927	-	309	N/A	FAA Regulatory
Previously Approved	Stormwater and Deicing Controls and Capacity - Phase 1A	Environmental	8,763	238	2,500	6,025	3,482	-	2,543	N/A	Capacity Expansion / Grant Funded
Previously Approved	FAR Part 150 Noise Map Update	Noise	300	-	150	150	-	-	150	N/A	FAA Regulatory
N/A	Capital Salaries	Other	3,874	-	629	581	-	-	581	N/A	GAAP Requirement
Previously Approved	Rehabilitate Taxiway A - Eagle Creek	Relievers - Eagle Creek Airport	944	-	83	861	137	659	65	N/A	Grant Funded
**	Firehouse #2 Refurbishment - Phase 2	Safety	648	217	431	-	-	-	-	N/A	Grant Funded
**	ACS Consolidation	Security	725	78	647	-	-	-	-	N/A	Grant Funded
**	Rebuild of Building #122	Other	5,700	75	5,625	-	-	-	-	N/A	Insured Loss / Lease Requirement
		SUBTOTAL		2,820	18,905	50,815	15,230	3,874	31,711		
		<i>PROJECTS SUBJECT TO MII APPROVAL</i>									
		NONE									
		SUBTOTAL PROJECTS SUBJECT TO MII APPROVAL		-	-	-	-	-	-		
		SUBTOTAL PROJECTS WITH 2013 FORECASTED SPEND		2,820	18,905	50,815	15,230	3,874	31,711		
		OTHER PROJECTS WITH NO 2013 IMPACT		26,266	22,550	-	-	-	-		
		GRAND TOTAL (1)		29,086	41,455	50,815	15,230	3,874	31,711		

*Project Numbers were only given to New Projects

**Project was previously approved; however cost increased more than 10%.

(1) Total includes only projects with forecasted spend in 2012 and beyond.

RD = Revenue Development Projects that are subject to the Hurdle Rate Policy, and as we enter into these projects, we will ensure that the appropriate Hurdle Rates are met before proceeding.

Airport System Fund Revenues -Appropriated Budget



Indianapolis Airport Authority

	Ordinance 2-2011		Ordinance 2-2012		2013 vs 2012 Budget Ordinance	
	2012 Budget	2012 Forecast	2013 Budget		Fav / (Unfav) Variance \$	Variance %
AIRLINE						
Landing Fees	\$ 18,244,798	\$ 18,253,548	\$ 17,340,951		\$ (903,847)	-5.0%
Apron Fees	1,546,392	1,693,906	1,515,754		(30,638)	-2.0%
Airline Space	26,267,000	26,110,736	26,030,409		(236,591)	-0.9%
Security Fees	-	-	-		-	n/m
Airline Total	46,058,190	46,058,190	44,887,114		(1,171,076)	-2.5%
NON-AIRLINE						
AIRFIELD						
Fuel Sales	210,000	213,342	221,700		11,700	5.6%
Ground Handling / Other	59,000	59,000	70,300		11,300	19.2%
RETAIL						
Food & Beverage	4,838,695	4,621,826	4,626,003		(212,692)	-4.4%
News & Gifts	1,190,000	1,179,589	1,046,538		(143,462)	-12.1%
Specialty Shops	1,325,698	1,291,679	1,219,223		(106,475)	-8.0%
Advertising	862,820	967,637	1,014,246		151,426	17.6%
Car Rental	8,964,046	9,055,669	9,232,211		268,165	3.0%
Other	1,463,018	1,537,072	1,500,397		37,379	2.6%
PARKING & GTC						
Parking	40,692,617	39,215,768	38,215,768		(2,476,849)	-6.1%
Ground Transportation Center	456,600	477,136	477,136		20,536	4.5%
PROPERTIES						
Freight Buildings	793,525	646,185	800,449		6,924	0.9%
Ground Leases	5,307,506	6,555,186	5,799,562		492,056	9.3%
Hangars / Other Buildings	12,062,470	12,793,576	12,999,774		937,304	7.8%
RELIEVERS	2,628,194	2,829,048	2,814,486		186,292	7.1%
Indianapolis Maint. Center (IMC)	9,911,045	9,189,259	9,259,764		(651,281)	-6.6%
OTHER INCOME	358,594	508,672	64,199		(294,395)	-82.1%
Total Non-Airline Revenue	91,123,827	91,140,644	89,361,756		(1,762,072)	-1.9%
OTHER REVENUES						
Special Leases - UAL	26,856,087	26,856,087	26,818,773		(37,314)	-0.1%
GASB Adjustment	(193,894)	(210,771)	(289,478)		(95,584)	49.3%
Operating Grant Revenue	1,022,500	864,024	864,024		(158,476)	-15.5%
Passenger Facility Charges (PFC's)	16,344,774	15,726,698	15,420,802		(923,972)	-5.7%
Customer Facility Charges (CFC's)	6,039,508	6,231,472	6,013,008		(26,500)	-0.4%
Interest	4,899,000	4,948,091	4,489,000		(410,000)	-8.4%
TOTAL OPERATING REVENUE	192,149,992	191,614,435	187,564,999		(4,584,994)	-2.4%
LESS						
Inter-fund Transfers	(9,446,000)	(13,193,104)	(9,752,564)		(306,564)	3.2%
TOTAL (net of transfers)	\$182,703,992	\$178,421,331	\$177,812,435		(\$4,891,558)	-2.7%

Capital Improvement Fund - Source of Funds Projections



Indianapolis Airport Authority

	Ordinance 2-2011		Ordinance 2-2012	2013 vs 2012 Budget Ordinance	
	2012 Budget	2012 Forecast	2013 Budget	Fav / (Unfav) \$	Variance %
Federal and State Grants	\$9,503,115	\$ 11,500,156	\$ 17,169,897	\$ 7,666,783	81%
Interest	4,346,000	4,346,000	4,489,364	143,364	3%
Operating Fund Transfers	5,100,000	8,847,104	5,263,200	163,200	3%
Prepaid Transfers	2,295,000	2,189,000	5,358,000	3,063,000	133%
Passenger Facility Charge (A)	-	-	-	-	n/m
Insurance Proceeds	3,000,000	6,906,270	-	(3,000,000)	100%
Proceeds from Land & Property Sales (B)	250,000	-	393,750	143,750	58%
Capital Improvement Funds	40,234,885	30,940,470	31,173,789	(9,061,097)	-23%
TOTAL	\$64,729,000	\$ 64,729,000	\$ 63,848,000	(\$881,000)	-1%

(A) Passenger Facility Charges (PFC's) are recognized as capital funding sources to the extent anticipated to fund capital program costs in each respective year. The current approved PFC Use Application does not anticipate the funding of any future capital projects.

(B) Proceeds from Land and Property Sales represents auction proceeds from the sale of property, proceeds from the sale of Airport land, and property sales under the Purchase Assurance (Noise Compatibility) Program.