



INDIANAPOLIS AIRPORT AUTHORITY



2014 APPROPRIATION BUDGET

ORDINANCE No. 2-2013
BOARD APPROVED AUGUST 16, 2013

2014 Appropriation Budget Table of Contents Board Approved August 16, 2013



- 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
- 10 Analysis of Airport System Fund Revenue
- 11 Analysis of Airport System Fund Expenses

Appropriation Summary



Indianapolis Airport Authority

<i>(\$000)</i>	2013 <u>Total</u>	2014 <u>Total</u>
Personal Services	\$ 30,301	\$ 29,028
Supplies & Materials	5,069	5,512
Contractual Services and Debt Service	161,700	162,403
Operating Capital	537	376
Total Airport System Fund	\$ 197,607	\$ 197,319 *
Total Capital Improvement Fund	\$ 63,848	\$ 53,000 *

* Appropriation amount published in local newspapers on 7/9 and 7/16



Budget Overview

Indianapolis Airport Authority

The Authority is pleased to offer for your consideration the proposed 2014 operating budget. The 2014 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:

- 2014 Airline rates same as 2013 rates
- 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 2014 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 2014 budget include:

Expense

Payroll	2.0%	average increase
Benefits	5.0% 4.0%	increase in health benefits (exclusive of ACA impact) retirement match
Utilities	5.0% 0.0%	increase in natural gas cost increase in electrical cost
Fuel	3.5% 3.5%	increase in Diesel fuel cost increase in Gasoline cost
Snow/Ice	5.0%	increase in chemical cost due to increased fuel costs
Insurance	5.0%	increase due to market conditions and IAA's 2012 experience

Revenue

Fuel Flowage	no rate changes anticipated at this time
Parking	subject to changes instituted as part of the 2013 Parking Strategy
CFC	no rate changes anticipated at this time
PFC	rates governed by Federal law with no change allowed at this time

Marsha Stone
Sr. Director of Finance



Airport System Fund Expenses - Appropriated Budget

	Ordinance 2-2012	2013 Forecast	Ordinance 2-2013	2014 vs 2013 Budget Ordinance	
	2013 Budget		2014 Budget	Fav / (Unfav) \$	Variance %
OPERATING AND MAINTENANCE:					
Personal Services	\$ 30,301,000	\$ 28,070,000	\$ 29,028,000	\$ 1,273,000	4.2%
Utilities	9,397,000	9,380,000	9,357,000	40,000	0.4%
Contractual Services	17,482,000	18,673,000	18,124,000	(642,000)	-3.7%
Supplies & Materials	5,069,000	5,576,000	5,512,000	(443,000)	-8.7%
Other Charges	2,190,000	2,197,000	2,213,000	(23,000)	-1.1%
Capital Expenditures	537,000	465,000	376,000	161,000	30.0%
Environmental Remediation	48,000	45,000	34,000	14,000	29.2%
Total Operating Expenses	65,024,000	64,406,000	64,644,000	380,000	0.6%
DEBT SERVICE:					
Special Leases - UAL	33,293,000	32,100,000	33,420,000	(127,000)	-0.4%
Interest Payments	59,560,000	55,930,000	52,722,000	6,838,000	11.5%
Principal Payments	39,730,000	38,245,000	46,533,000	(6,803,000)	-17.1%
Total Debt Service	132,583,000	126,275,000	132,675,000	(92,000)	-0.1%
TOTAL AIRPORT SYSTEM FUND	\$ 197,607,000	\$ 190,681,000	\$ 197,319,000	\$ 288,000	0.1%
CAPITAL IMPROVEMENT FUND	\$ 63,848,000	\$ 63,848,000	\$ 53,000,000	\$ 10,848,000	17.0%

Capital Improvement Fund Appropriation - 2014



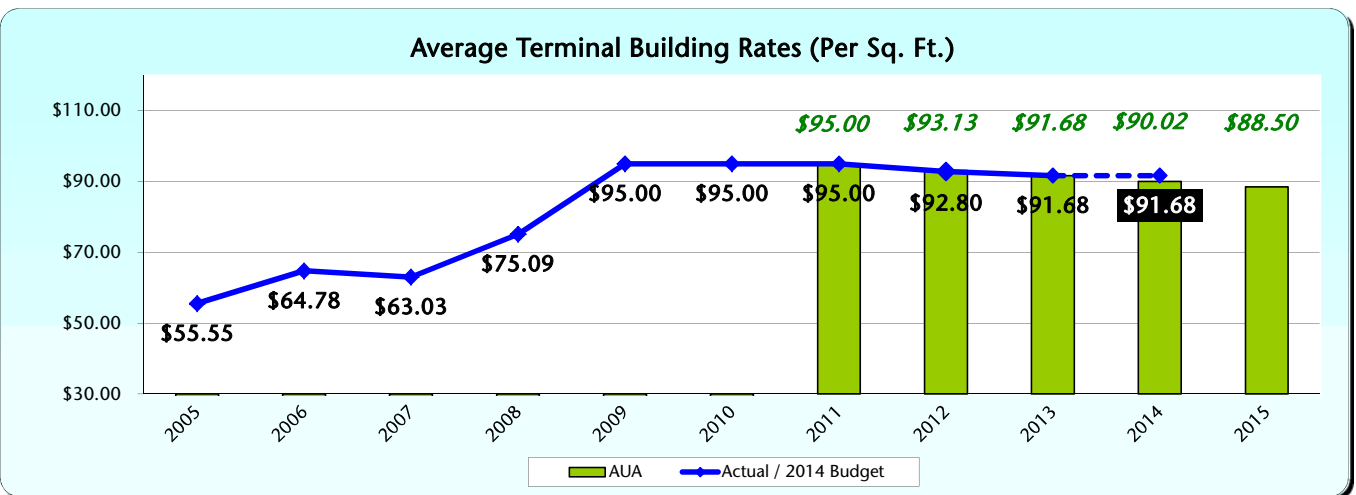
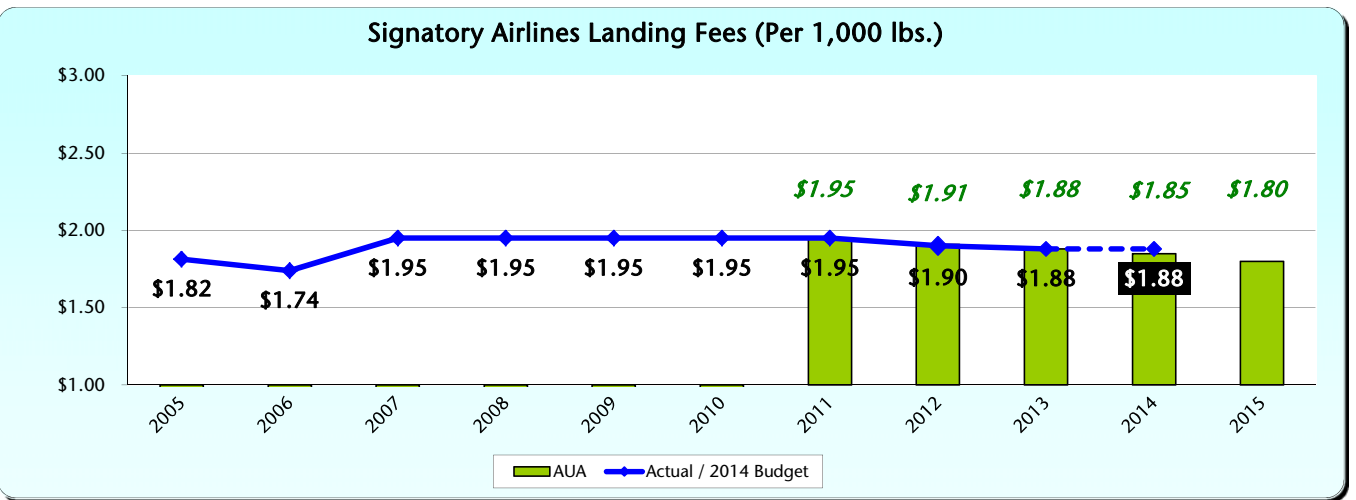
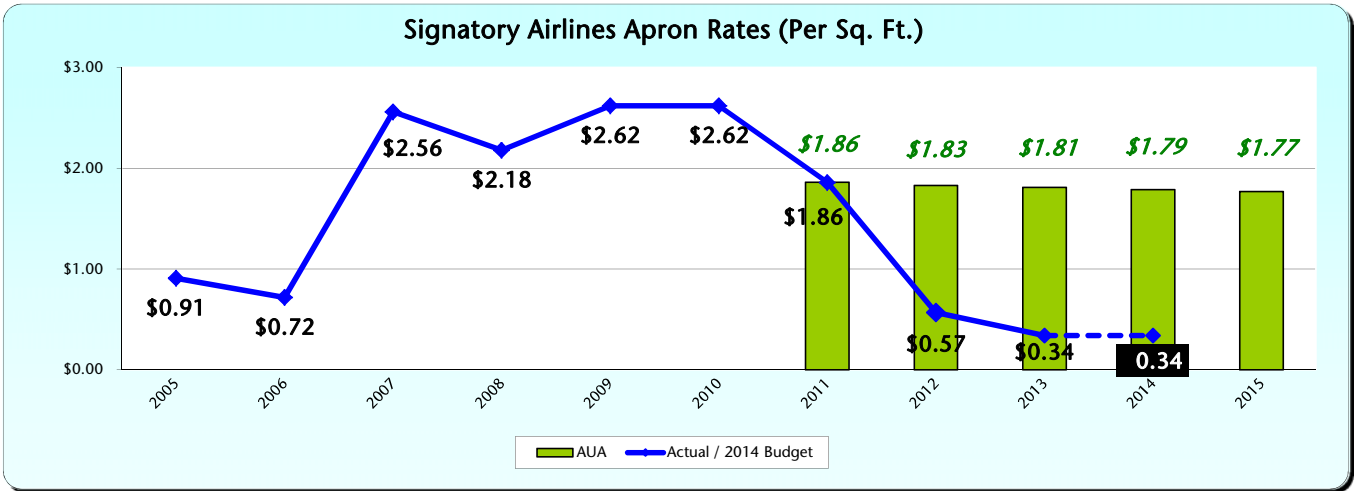
Indianapolis Airport Authority

New 2014 Projects		\$ 25,274
Stormwater and Deicing Controls and Capacity - Phase II	\$ 5,153	
Rehabilitate Taxiways A & D	4,588	
Rehabilitate Runway 5L-23R Phase I and II	2,526	
IMC - Increase Hangar 1B and 2A Capacity, Remove Mezzanine & Suspended Docking Structures	2,150	
Parking Garage Improvements - 2014	1,716	
Rehabilitate Airport Roads - High School Rd.	1,056	
2014 ARFF 3000 Replacement	1,000	
Other (Airport Funded Projects less than \$1m)	7,085	
On-going Projects - budgeted for spend in 2014		14,664
	\$ 2,681	
Runway 7-25 & Taxiway Extension Phase III Construction - Indy Regional		
Rehabilitate Taxiway B	2,623	
Property - USPS Building Rehabilitation	2,268	
Noise & General Airport System Land Acquisition	1,414	
Eagle Hub Apron Rehabilitation	1,408	
Property - Land Use Development - IND	1,217	
Other (7 Projects under \$1m)	3,053	
Subtotal (agrees to Program Summary p. 7)		\$ 39,938
Estimated potential carryover from prior year		10,062
Additional appropriation - unspecified revenue development projects		3,000
Total Capital Improvement Fund Appropriation		\$ 53,000

AUA - Rates and Charges



Indianapolis Airport Authority



SUPPLEMENTAL SCHEDULES

*2014 PROJECT NUMBER	PROJECT TITLE	PROJECT TYPE	\$ in 000's				PROJECTED SOURCE OF FUNDS			HURDLE RATE	
			TOTAL PROJECT COST	ACTUAL COST THRU 2012	2013 FORECAST COST	2014 PROJECT COST	2014 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 2014 AIRPORT FUNDS GREATER THAN \$1M)</i>											
1	Rehabilitate Taxiways A & D	Apron & Other Airfield	5,236	-	648	4,588	3,441	-	1,147	N/A	Grant Funded / Replacement of Necessary Asset
2	Rehabilitate Taxiway B	Apron & Other Airfield	9,472	268	200	2,623	** 1,705	-	918	N/A	Grant Funded / Replacement of Necessary Asset
3	Rehabilitate Runway 5L-23R Phase I and Phase II	Apron & Other Airfield	8,915	-	1,000	2,526	1,895	410	222	N/A	Grant Funded / Replacement of Necessary Asset
4	Apron Stormwater Inlet Repairs - IND	Apron & Other Airfield	726	-	-	726	-	-	726	N/A	Health Safety
5	Rehabilitate Runway 5R-23L	Apron & Other Airfield	4,337	-	4,337	-	** -	-	-	N/A	Grant Funded / Replacement of Necessary Asset
6	Terminal Water Softening System Phase 2	Terminal	390	-	-	390	-	-	390	N/A	Retrofit to Initial Construction
7	Enlarge Terminal Entrance - Bag Claim	Terminal	127	-	-	127	-	-	127	N/A	Retrofit to Initial Construction
8	Install Heat Trace on West Terminal Roof	Terminal	340	-	340	-	-	-	-	N/A	Health Safety
9	Exit Lane Breach Control System For A Concourse	Safety & Security	328	-	-	328	-	246	82	41.3%	-
10	Noise & General Airport System Land Acquisition	Environmental & Other Regulatory	12,909	3,181	1,414	1,414	-	-	1,414	N/A	Regulatory / Capacity Enhancement
11	Disparity Study for the Indianapolis Airport Authority	Environmental & Other Regulatory	250	-	-	250	-	-	250	N/A	FAA Regulatory
12	Stormwater and Deicing Controls and Capacity - Phase 2	Environmental & Other Regulatory	13,030	-	1,170	5,153	773	3,092	1,288	N/A	Regulatory / Capacity Enhancement
13	Parking Garage Improvements - 2014	Parking	1,716	-	-	1,716	-	-	1,716	N/A	Repairs to Initial Construction
14	Rehabilitate Asphalt Lots 2014	Parking	284	-	-	284	-	-	284	N/A	Replacement of Critical Infrastructure that can not be repaired economically
15	Computer, Server and Equipment Replacement Program (2014)	Information Technology	536	-	-	536	-	-	536	N/A	Replacement of Equipment with No Utility
16	Airport Management System Upgrades - ERP Assessment (2013)	Information Technology	561	-	75	486	** -	-	486	N/A	Replacement of System with No Utility
17	2014 ARFF 3000 Replacement	Vehicle & Equipment Replacement	1,000	-	-	1,000	750	-	250	N/A	FAA Regulatory
18	(2012) Snow Equipment - Multipurpose Equipment (Fleet Replacement)	Vehicle & Equipment Replacement	5,517	-	5,517	-	** -	-	-	14.0%	-
19	IMC - Increase Hangar 1B and 2A Capacity, remove mezzanine and suspended docking system	Revenue Development	2,150	-	-	2,150	-	-	2,150	> 12.5%	TBD based on future lease revenues
20	Eagle Hub Apron Rehabilitation	Revenue Development	1,551	-	143	1,408	1,056	-	352	TBD	Site Preparation for Revenue Development/Grant Funded
21	Rehabilitate Apron at Old Terminal	Revenue Development	4,799	-	-	310	-	233	78	TBD	Site Preparation for Revenue Development/Grant Funded
22	Property - Land Use Development - Ronald Regan/Stafford Rd. - IND	Revenue Development	150	-	-	150	-	-	150	RD	Site Preparation for Revenue Development
23	IMC - Increase Hangar 1A Capacity, remove mezzanine & suspended docking system	Revenue Development	1,075	-	1,075	-	-	-	-	> 12.5%	TBD based on future lease revenues
24	Rehabilitate Airport Roads - High School Road	Non - Airfield Roadways	1,056	-	-	1,056	-	-	1,056	N/A	Replacement of Critical Infrastructure that can not be repaired economically
25	Rehabilitate Airport Roads - 2014	Non - Airfield Roadways	266	-	-	266	-	-	266	N/A	Replacement of Critical Infrastructure that can not be repaired economically
26	Relocate Republic Entry Road	Non - Airfield Roadways	250	-	-	250	-	-	250	N/A	Replacement of Critical Infrastructure that can not be repaired economically
27	Advance Planning and Design - 2014	Other	250	-	-	250	-	-	250	N/A	Planning Capital
28	IMC - Lighting System Improvements	Properties & Non-Terminal Buildings	776	-	-	776	-	-	776	>12.5%	Economics can not be accurately forecasted
29	IMC - Roof Repairs Back Shops and Utility Distribution Corridor (UDL) areas	Properties & Non-Terminal Buildings	425	-	-	425	-	-	425	N/A	Lease Requirement
30	CEP - Install Variable Speed Drive on Chiller #2	Properties & Non-Terminal Buildings	342	-	-	342	-	-	342	>12.5%	Economics can not be accurately forecasted
31	CEP - Replacement of Combustion Controls on all Boilers	Properties & Non-Terminal Buildings	326	-	-	326	-	-	326	N/A	Maintenance of Irreplaceable System
32	IMC Skylight Roof Repairs	Properties & Non-Terminal Buildings	244	-	-	244	-	-	244	N/A	Lease Requirement
33	Fuel Farm Expansion (Jet Fuel) - Hendricks Co.	Relievers - Hendricks County Airport	314	-	-	314	150	141	24	> 12.5%	Economics can not be accurately forecasted
34	Rehabilitate Northwest T-Hangar Taxilanes - Eagle Creek	Relievers - Eagle Creek Airport	826	-	-	442	160	248	33	N/A	Grant Funded / Replacement of Necessary Asset
35	Rehabilitate Taxiway A - Eagle Creek	Relievers - Eagle Creek Airport	1,024	-	1,024	-	** -	-	-	N/A	Grant Funded / Replacement of Necessary Asset
36	Replace Aviation Fuel Farm - Heliport	Relievers - Heliport	424	-	-	424	150	242	32	N/A	Grant Funded / Environmental / Regulatory
37	Structural Slab Replacement - Heliport	Relievers - Heliport	766	-	766	-	** -	-	-	N/A	Grant Funded / Replacement of Necessary Asset
38	Rehabilitate Runway & Taxiway Connectors A1, A2, A3 and A4- Metro	Relievers - Metro Airport	2,111	-	-	175	25	137	13	N/A	Grant Funded / Replacement of Necessary Asset
39	Rehabilitate T-Hangar Taxilanes 2013 - Indy Regional	Relievers - Indianapolis Regional Airport	296	-	296	-	-	-	-	N/A	Replacement of Necessary Asset

*Project Numbers were only given to New Projects

**Project was previously approved; however cost increased more than 10% or scope has changed.

(1) Total includes only projects with forecasted spend in 2013 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.

*2014 PROJECT NUMBER	PROJECT TITLE	PROJECT TYPE	\$ in 000's				PROJECTED SOURCE OF FUNDS			HURDLE RATE	
			TOTAL PROJECT COST	ACTUAL COST THRU 2012	2013 FORECAST COST	2014 PROJECT COST	2014 CASH FLOW			INTERNAL RATE OF RETURN (IRR)	EXCLUSION IF NOT APPLIED
							ENTITLEMENT GRANTS	CONTINGENT DISCRETIONARY & OTHER GRANTS	AIRPORT FUNDS		
Previously Approved	Runway 7-25 & Taxiway Extension Phase III Construction - Indy Regional	Relievers - Indianapolis Regional Airport	2,681	-	-	2,681	300	2,179	201	N/A	Capacity Expansion / Grant Funded
Previously Approved	Property - USPS Building Rehabilitation	Revenue Development	2,868	-	600	2,268	-	-	2,268	RD	Site Preparation for Revenue Development
Previously Approved	Property - Land Use Development - IND	Revenue Development	2,037	-	507	1,217	-	-	1,217	RD	Site Preparation for Revenue Development
Previously Approved	Shuttle Bus Replacement (Parking)	Vehicle & Equipment Replacement	2,340	-	660	660	-	-	660	N/A	Parking Revenue Development Strategy
Previously Approved	Capital Salaries	Other	3,807	-	581	581	-	-	581	N/A	GAAP Requirement
Previously Approved	Geographic Information System	Information Technology	1,060	-	-	560	-	-	560	RD	Systems Improvement for Revenue Development
Previously Approved	Property - Pre-development of Sites 404A/404B/404C	Revenue Development	683	-	170	408	-	-	408	RD	Site Preparation for Revenue Development
Previously Approved	Environmental Documentation for IND Master Plan	Environmental & Other Regulatory	110	-	-	110	83	-	28	N/A	FAA Regulatory
Previously Approved	CEP - Chiller Rebuild	Properties & Non-Terminal Buildings	351	-	350	0	-	-	0	N/A	Maintenance of Irreplaceable System
Previously Approved	Purchase of Hydraulic Atrium Lift	Vehicle & Equipment Replacement	335	-	335	0	-	-	0	N/A	Acquisition of Necessary Equipment
		SUBTOTAL		3,449	21,208	39,938	10,487	6,927	22,524		
		SUBTOTAL PROJECTS SUBJECT TO MII APPROVAL	<i>NONE</i>	-	-	-					
		SUBTOTAL PROJECTS WITH 2014 FORECASTED SPEND		3,449	7,853	23,330	-	-	-		
		OTHER PROJECTS WITH NO 2014 IMPACT		4,979	43,695	16,608	-	-	-		
		GRAND TOTAL (1)		8,428	51,548	39,938	-	-	-		

*Project Numbers were only given to New Projects

**Project was previously approved; however cost increased more than 10% or scope has changed.

(1) Total includes only projects with forecasted spend in 2013 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 2-2012	2013 Forecast	Ordinance 2-2013	2014 vs 2013 Budget Ordinance	
	2013 Budget		2014 Budget	Fav / (Unfav) Variance \$	%
AIRLINE					
Landing Fees	\$ 17,340,951	\$ 17,464,006	\$ 17,279,298	\$ (61,653)	-0.4%
Apron Fees	1,515,754	1,815,617	1,544,718	28,964	1.9%
Airline Space	26,030,409	26,079,871	26,057,362	26,953	0.1%
Security Fees	-	-	-	-	n/m
Airline Total	44,887,114	45,359,494	44,881,378	(5,736)	0.0%
NON-AIRLINE					
AIRFIELD					
Fuel Sales	221,700	221,700	220,000	(1,700)	-0.8%
Ground Handling / Other	70,300	165,367	163,000	92,700	131.9%
RETAIL					
Food & Beverage	4,626,003	4,619,703	4,752,081	126,078	2.7%
News & Gifts	1,046,538	1,067,416	1,085,081	38,543	3.7%
Specialty Shops	1,219,223	1,188,130	1,257,969	38,746	3.2%
Advertising	1,014,246	1,021,223	923,177	(91,069)	-9.0%
Car Rental	9,232,211	9,254,485	9,247,199	14,988	0.2%
Other	1,500,397	1,501,492	1,441,842	(58,555)	-3.9%
PARKING & GTC					
Parking	38,215,768	40,094,671	37,666,671	(549,097)	-1.4%
Ground Transportation Center	477,136	493,405	493,405	16,269	3.4%
PROPERTIES					
Freight Buildings	800,449	929,220	949,690	149,241	18.6%
Ground Leases	5,799,562	5,586,085	5,953,471	153,909	2.7%
Hangars / Other Buildings	12,999,774	13,774,563	13,965,055	965,281	7.4%
RELIEVERS	2,814,486	3,054,319	3,089,936	275,450	9.8%
Indianapolis Maint. Center (IMC)	9,259,764	9,117,450	8,485,574	(774,190)	-8.4%
OTHER INCOME	64,199	68,539	57,577	(6,622)	-10.3%
Total Non-Airline Revenue	89,361,756	92,157,768	89,751,728	389,972	0.4%
OTHER REVENUES					
Special Leases - UAL	26,818,773	26,818,773	26,785,041	(33,732)	-0.1%
GASB Adjustment	(289,478)	(289,478)	(306,354)	(16,876)	5.8%
Operating Grant Revenue	864,024	844,388	764,000	(100,024)	-11.6%
Passenger Facility Charges (PFC's)	15,420,802	14,771,580	15,148,269	(272,533)	-1.8%
Customer Facility Charges (CFC's)	6,013,008	5,778,884	5,871,559	(141,449)	-2.4%
Interest	4,489,000	4,489,000	4,539,000	50,000	1.1%
TOTAL OPERATING REVENUE	187,564,999	189,930,409	187,434,621	(130,378)	-0.1%
LESS					
Inter-fund Transfers	(9,752,564)	(9,673,834)	(9,827,524)	(74,960)	0.8%
TOTAL (net of transfers)	\$177,812,435	\$180,256,575	\$177,607,097	(\$205,338)	-0.1%

Capital Improvement Fund - Source of Funds Projections



Indianapolis Airport Authority

	Ordinance 2-2012		Ordinance 2-2013	2014 vs 2013 Budget Ordinance	
	2013 Budget	2013 Forecast	2014 Budget	Fav / (Unfav) \$	Variance %
Federal and State Grants	\$17,169,897	\$ 20,972,416	\$ 14,003,893	\$ (3,166,004)	-18%
Interest	4,489,364	4,489,364	4,539,364	50,000	1%
Operating Fund Transfers	5,263,200	5,184,470	5,288,160	24,960	0%
Prepaid Transfers	5,358,000	5,358,000	2,305,000	(3,053,000)	-57%
Passenger Facility Charge (A)	-	-	-	-	n/m
Insurance Proceeds & Other (C)	-	8,398,829	-	-	100%
Proceeds from Land & Property Sales (B)	393,750	750,000	750,000	356,250	90%
Capital Improvement Funds	31,173,789	18,694,921	26,113,583	(5,060,206)	-16%
TOTAL	\$63,848,000	\$ 63,848,000	\$ 53,000,000	(\$10,848,000)	-17%

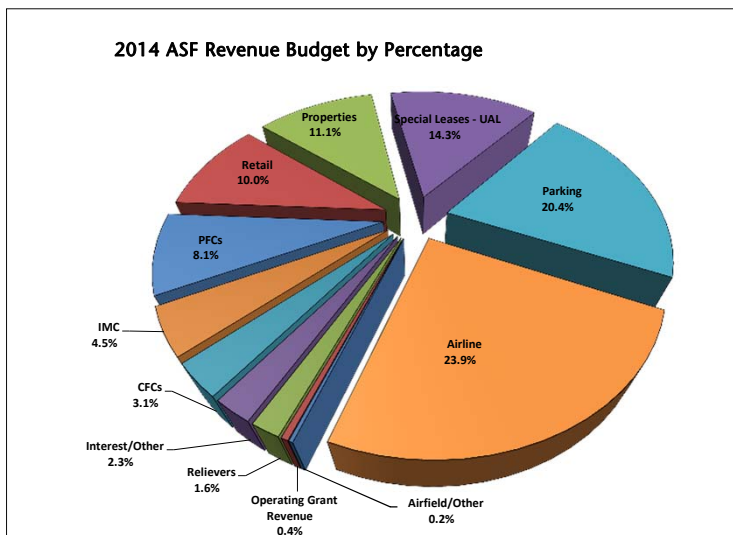
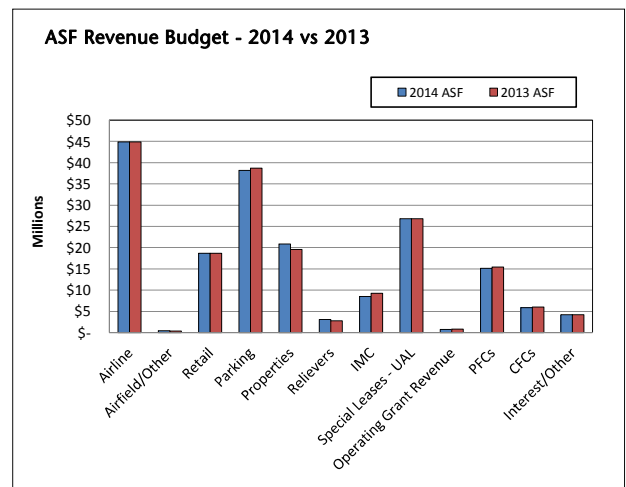
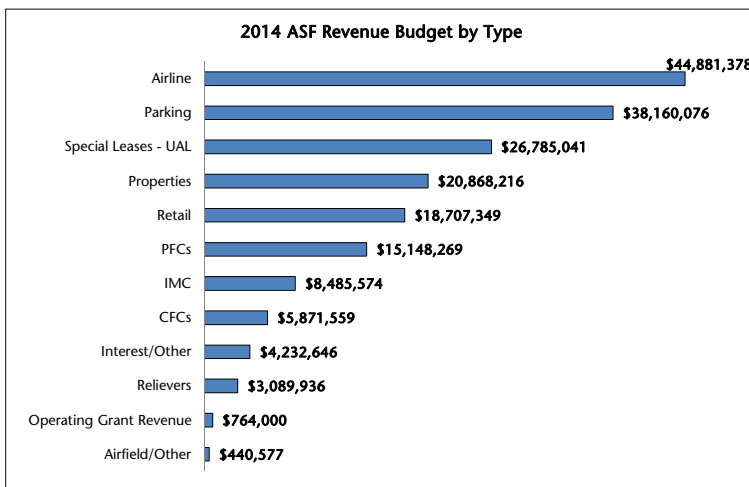
(A) Passenger Facility Charges (PFC's) are recognized as capital funding sources to the extent anticipated to fund capital program costs in each respective year. The current approved PFC Use Application does not anticipate the funding of any future capital projects.

(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.

(C) Insurance Proceeds & Other includes \$1.8MM USPS settlement proceeds received in 2013 as well as the balance of the insurance proceeds anticipated for the Parking Garage Canopy Replacement and the Rebuild of Building #122, the receipt of these proceeds was originally anticipated in 2012.



	Ordinance 2-2012		Ordinance 2-2013		2014 vs 2013 Budget Ordinance	
	2013 Budget	2014 Budget	2014 Budget	Fav / (Unfav) Variance	\$	%
Airline	\$ 44,887,114	\$ 44,881,378	\$ 44,881,378	\$ (5,736)	0.0%	
Airfield	292,000	383,000	383,000	91,000	31.2%	
Retail	18,638,618	18,707,349	18,707,349	68,731	0.4%	
Parking	38,692,904	38,160,076	38,160,076	(532,828)	-1.4%	
Properties	19,599,785	20,868,216	20,868,216	1,268,431	6.5%	
Relievers	2,814,486	3,089,936	3,089,936	275,450	9.8%	
Indianapolis Maintenance Center (IMC)	9,259,764	8,485,574	8,485,574	(774,190)	-8.4%	
Other Income	64,199	57,577	57,577	(6,622)	-10.3%	
Special Leases - UAL	26,818,773	26,785,041	26,785,041	(33,732)	-0.1%	
Operating Grant Revenue	864,024	764,000	764,000	(100,024)	-11.6%	
Passenger Facility Charges (PFCs)	15,420,802	15,148,269	15,148,269	(272,533)	-1.8%	
Customer Facility Charges (CFCs)	6,013,008	5,871,559	5,871,559	(141,449)	-2.4%	
Interest/Other	4,199,522	4,232,646	4,232,646	33,124	0.8%	
TOTAL OPERATING REVENUE (before transfers)	187,564,999	187,434,621	187,434,621	(130,378)	-0.1%	
Inter-fund Transfers	(9,752,564)	(9,827,524)	(9,827,524)	(74,960)	0.8%	
TOTAL (net of transfers)	\$ 177,812,435	\$ 177,607,097	\$ 177,607,097	\$ (205,338)	-0.1%	

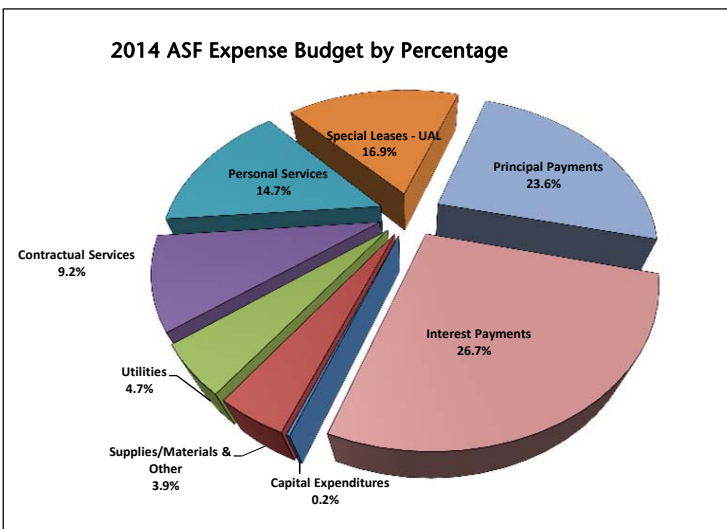
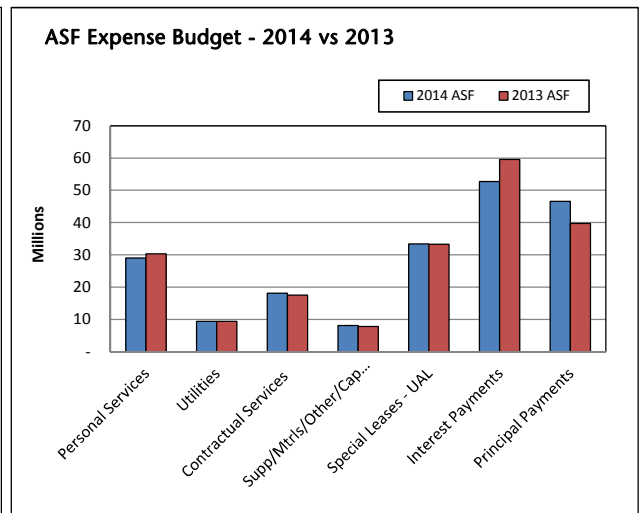
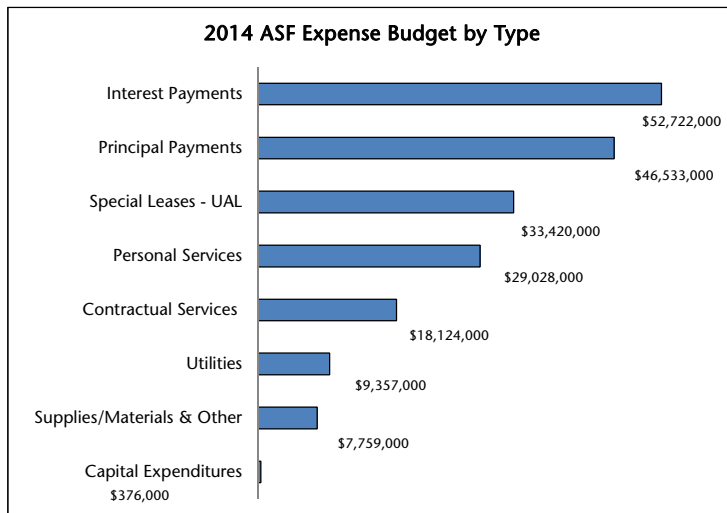


Management Comments

- Parking revenues are planned to decrease \$533K (1.4%) representing a conservative budget based on changes instituted as part of the 2013 Parking Strategy.
- Properties revenue is anticipated to increase \$1.3M (6.5%) attributable to new agreements including the Solar Farm and the leasing of the former postal hub.
- Reliever revenues are estimated to increase \$275K (9.8%) relating to an increase in Fuel Flowage at the Indianapolis Heliport due to increased demand, and an increase in Farm income due to new agreements and rates.
- Indianapolis Maintenance Center revenues are anticipated to decrease \$774K (8.4%) due to hangar vacancy and reduced interior shop rents.
- Operating Grant revenues are estimated to decrease \$100K (11.6%) as a result of reduced federal funding for reimbursement of the Law Enforcement Officer coverage at the security checkpoints.
- Passenger Facility Charges and Customer Facility Charges are planned to decrease \$273K (1.8%) and \$141K (2.4%), respectively, as a result of a decrease in passenger enplanement assumptions from the 2013 budget of 2.5%.



	Ordinance 2-2012 2013 Budget	Ordinance 2-2013 2014 Budget	2014 vs 2013 Budget Ordinance Fav / (Unfav) Variance	
			\$	%
OPERATING AND MAINTENANCE:				
Personal Services	\$ 30,301,000	\$ 29,028,000	\$ 1,273,000	4.2%
Utilities	9,397,000	9,357,000	40,000	0.4%
Contractual Services	17,482,000	18,124,000	(642,000)	-3.7%
Supplies & Materials	5,069,000	5,512,000	(443,000)	-8.7%
Other Charges	2,190,000	2,213,000	(23,000)	-1.1%
Capital Expenditures	537,000	376,000	161,000	30.0%
Environmental Remediation	48,000	34,000	14,000	29.2%
Total Operating Expenses	65,024,000	64,644,000	380,000	0.6%
DEBT SERVICE:				
Special Leases - UAL	33,293,000	33,420,000	(127,000)	-0.4%
Interest Payments	59,560,000	52,722,000	6,838,000	11.5%
Principal Payments	39,730,000	46,533,000	(6,803,000)	-17.1%
Total Debt Service	132,583,000	132,675,000	(92,000)	-0.1%
TOTAL AIRPORT SYSTEM FUND	\$ 197,607,000	\$ 197,319,000	\$ 288,000	0.1%



Management Comments

- Personal Services anticipated to be lower than prior year \$1.3M or 4.2%; full time equivalents (FTEs) have decreased from 505 in 2013 to 456 in 2014 due to a reduction in Public Safety Officers and Floor Care Specialists as these services have been outsourced.
- Contractual Services projected to increase \$642K (3.7%) due to new outsourced contracts for Public Safety Officers and Floor Care Specialists, offset by lower professional fees associated with the new parking program implemented in 2013.
- Supplies & Materials planned to increase \$443K (8.7%) relating to increases in fuel rates and demand of jet fuel at the Indianapolis Heliport; increased shuttle bus repairs; a security camera replacement program, and replacement of 2 Ground Power Units (GPUs).
- Operating capital expenditures budgeted in 2014 include 5 vehicle replacements; 2 mower replacements; and defibrillator replacements.
- 2014 budgeted debt service includes the impact of the paydown of 2003 and 2006 revenue bonds resulting in lower interest payments and higher principal payments.