



INDIANAPOLIS AIRPORT AUTHORITY



2015 APPROPRIATION BUDGET

ORDINANCE No. 4-2014
BOARD APPROVED AUGUST 15, 2014

2015 Appropriation Budget Table of Contents Board Approved August 15, 2014



- 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

(\$000)	2014 Total	2015 Total
Personal Services	\$ 29,028	\$ 29,065
Supplies & Materials	5,512	5,866
Contractual Services and Debt Service	162,403	163,062
Operating Capital	376	703
Total Airport System Fund	\$ 197,319	\$ 198,696 *
Total Capital Improvement Fund	\$ 53,000	\$ 57,000 *

* Appropriation amount published in local newspapers on 7/8 and 7/15



Budget Overview

The Authority is pleased to offer for your consideration the proposed 2015 operating budget. The 2015 proposed budget emphasizes safety and security, the preventive maintenance programs required to preserve the assets of the Authority, operational efficiency and excellence in customer service. The goal of the Authority is to be a good steward to the traveling public within Central Indiana and the surrounding region while being conscientious of the costs to operate and maintain the airport system at the highest standards.

Overriding Financial Achievements within this budget include:

- Achieving minimal 2015 Airline rate increases
- 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 2015 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 2015 budget include:

Expense

Payroll	2.75%	average increase
Benefits	6.0% 4.0%	increase in health benefits retirement match
Utilities	7.5% 5.0%	increase in natural gas cost increase in electrical cost
Fuel	9.0% 10.0%	increase in Diesel fuel cost increase in Gasoline cost
Snow/Ice	1.0%	increase in chemical cost due to increased fuel costs
Insurance	5.0%	increase due to market conditions and IAA's 2013 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
PFC	rates governed by Federal law with no change allowed at this time

Robert Thomson
Sr. Director of Finance

Airport System Fund Expenses - Appropriated Budget



Indianapolis Airport Authority

	Ordinance 2-2013	2014 Forecast	Ordinance 4-2014	2015 vs 2014 Budget Ordinance	
	2014 Budget		2015 Budget	Fav / (Unfav) Variance \$	Variance %
OPERATING AND MAINTENANCE:					
Personal Services	\$ 29,028,000	\$ 28,120,000	\$ 29,065,000	\$ (37,000)	-0.1%
Utilities	9,357,000	9,521,000	10,183,000	(826,000)	-8.8%
Contractual Services	18,124,000	19,261,000	18,971,000	(847,000)	-4.7%
Supplies & Materials	5,512,000	6,238,000	5,866,000	(354,000)	-6.4%
Other Charges	2,213,000	2,278,000	1,777,000	436,000	19.7%
Capital Expenditures	376,000	319,000	703,000	(327,000)	-87.0%
Environmental Remediation	34,000	35,000	34,000	-	0.0%
Total Operating Expenses	64,644,000	65,772,000	66,599,000	(1,955,000)	-3.0%
DEBT SERVICE:					
Special Leases - UAL	33,420,000	33,420,000	33,579,000	(159,000)	-0.5%
Interest Payments	52,722,000	52,667,000	50,838,000	1,884,000	3.6%
Principal Payments	46,533,000	45,460,000	47,680,000	(1,147,000)	-2.5%
Total Debt Service	132,675,000	131,547,000	132,097,000	578,000	0.4%
TOTAL AIRPORT SYSTEM FUND	\$ 197,319,000	\$ 197,319,000	\$ 198,696,000	\$ (1,377,000)	-0.7%
CAPITAL IMPROVEMENT FUND	\$ 53,000,000	\$ 53,000,000	\$ 57,000,000	\$ (4,000,000)	-7.5%



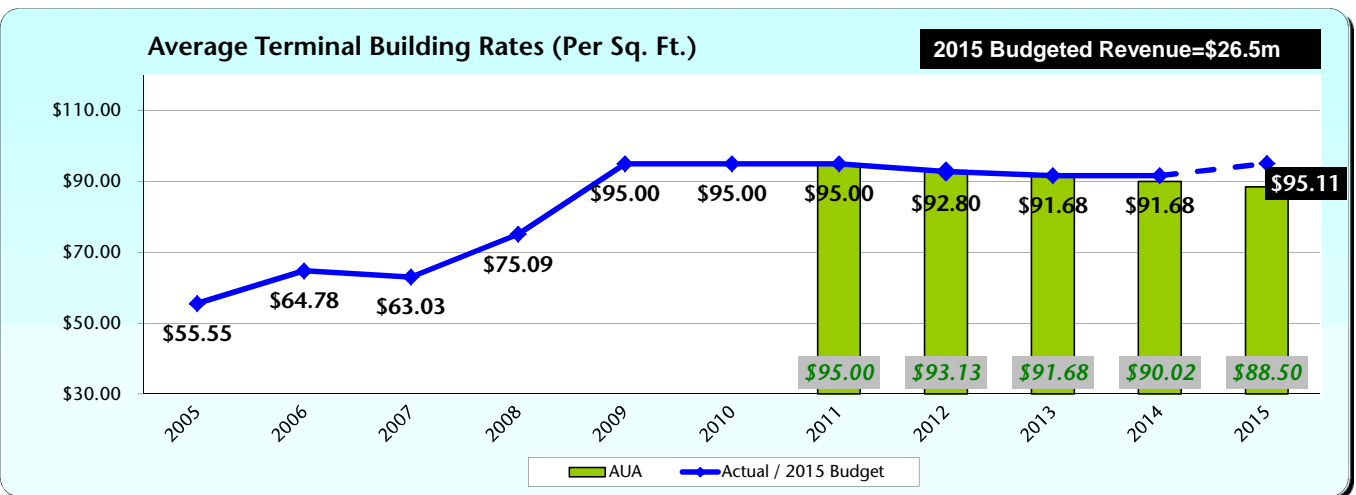
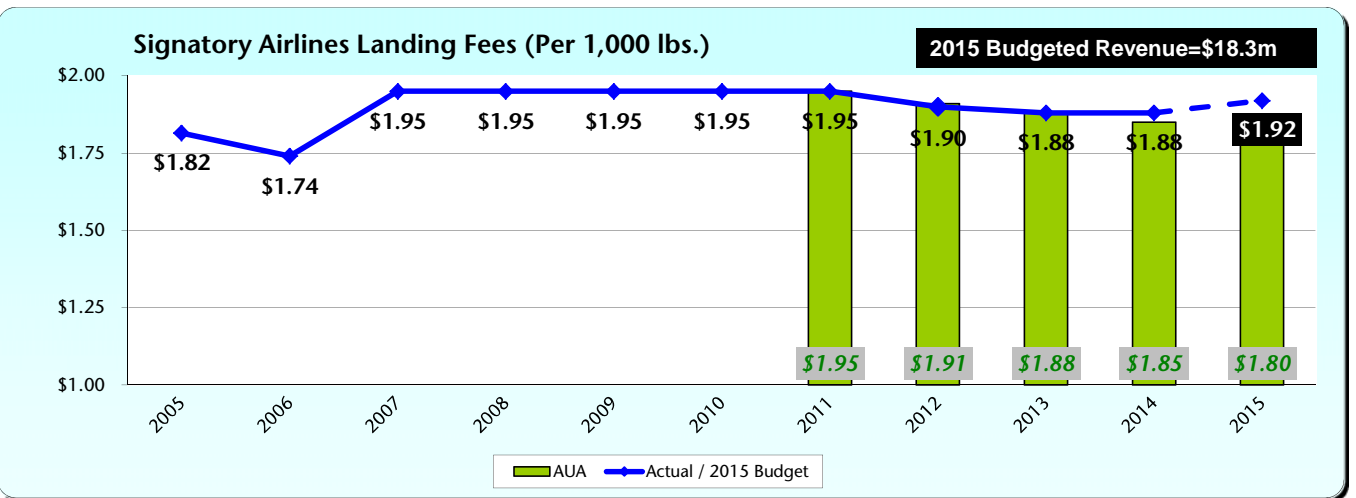
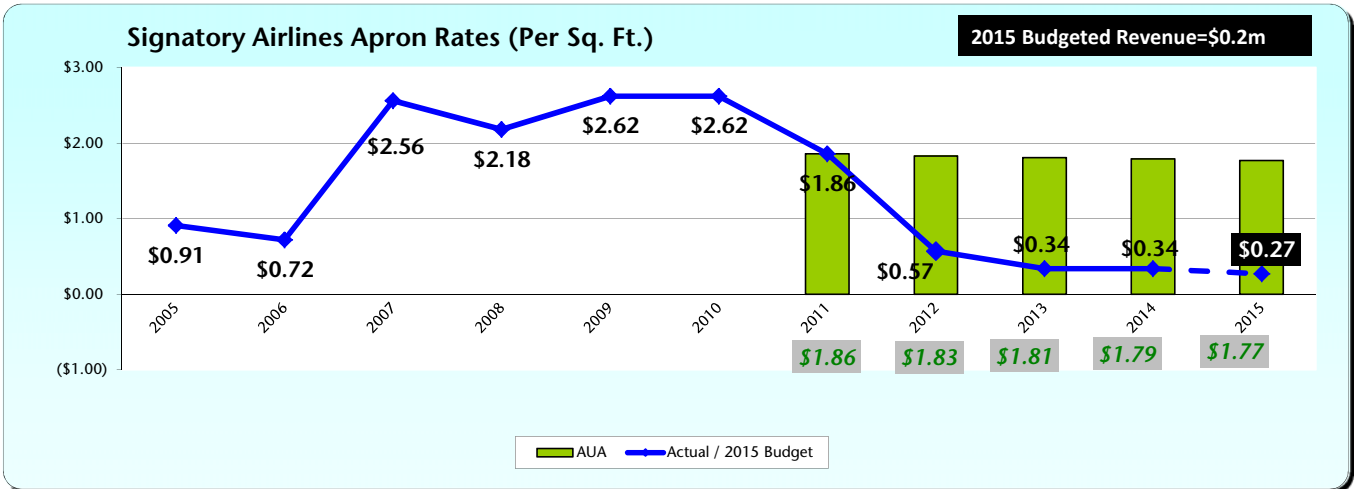
Capital Improvement Fund Appropriation - 2015

New 2015 Projects (2015 Project Cost)		\$ 24,469
Parking Garage Improvements - 2015	\$ 5,126	
Garage Atrium Canopy Replacement	2,800	
PARCS System Assessment & Implementation	2,170	
Noise & General Airport System Land Acquisition	1,500	
Rehabilitate Runway & Taxiway Connectors A1, A2, A3, A4	1,419	
Rehabilitate Airport Roads - 2015	1,200	
Apron Stormwater Inlet Repairs - IND	987	
Rehabilitate T-Hangar Taxilanes - Indy Regional	979	
Property - IAA Staff Consolidation	883	
Other (Airport Funded Projects less than \$750,000)	7,405	
On-going (approved in prior year) Projects (2015 Project Cost)		22,716
Stormwater and Deicing Controls and Capacity - Phase 2B	\$ 5,000	
Rehabilitate Runway 5L-23R Phase I and Phase II	4,878	
Rehabilitate Apron at Old Terminal	4,358	
Rehabilitate Taxiway A	2,921	
Rehabilitate Taxiway B	2,605	
Shuttle Bus Replacement (Parking)	900	
Other (6 Projects under \$750,000)	2,054	
Subtotal (agrees to Program Summary p. 7)		\$ 47,185
Estimated potential carryover from prior year		6,815
Additional appropriation - unspecified revenue development projects		3,000
Total Capital Improvement Fund Appropriation		\$ 57,000

AUA - Rates and Charges



Indianapolis Airport Authority



SUPPLEMENTAL SCHEDULES

*2015 PROJECT NUMBER	PROJECT TITLE	PROJECT TYPE	\$ in 000's							HURDLE RATE		
			TOTAL PROJECT COST	ACTUAL COST THRU 2013 (1)	2014 FORECAST COST	2015 PROJECT COST	PROJECTED SOURCE OF FUNDS 2015 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 IN BLUE FONT WILL BE FUNDED USING 2015 AIRPORT FUNDS GREATER THAN \$750,000)</i>											
1	Apron Stormwater Inlet Repairs - IND	Apron & Other Airfield	2,729	-	725	987	**	-	-	987	N/A	Replacement of Necessary Asset
2	Pavement Management: Airfield Rehabilitation Program - 2015	Apron & Other Airfield	282	-	-	282		-	212	71	N/A	Grant Funded / FAA Regulatory
3	Airfield Pavement Evaluation and Management Plan Update	Apron & Other Airfield	523	-	-	250		-	188	63	N/A	Grant Funded / FAA Regulatory
4	Airfield Electrical Replacement - Preliminary Design	Apron & Other Airfield	120	-	-	120		-	90	30	N/A	Grant Funded / Replacement of Necessary Asset
5	Rehabilitate Taxiway D	Apron & Other Airfield	4,726	38	4,688	-	**	-	-	-	N/A	Grant Funded / Replacement of Necessary Asset
6	Install Concourse Exhaust Ducts	Terminal	435	-	-	435		-	-	435	N/A	Retrofit to Initial Construction
7	Terminal Water Softening System	Terminal	859	66	793	-	**	-	-	-	N/A	Retrofit to Initial Construction
8	Terminal Entry Expansion Joint Rehabilitation	Terminal	226	-	226	-		-	-	-	N/A	Required Maintenance of Existing Asset
9	Parking Garage Improvements - 2015	Parking	5,126	-	-	5,126		-	-	5,126	N/A	Required Maintenance of Existing Asset
10	Garage Atrium Canopy Replacement	Parking	2,960	-	160	2,800		-	-	2,800	N/A	Replacement of Necessary Asset
11	Replacement of GTC and Pedestrian Entry Doors	Parking	624	-	-	624		-	-	624	N/A	Required Maintenance of Existing Asset
12	Rehabilitate Asphalt Lots 2015	Parking	305	-	-	305		-	-	305	N/A	Required Maintenance of Existing Asset
13	Parking Garage Improvements 2013-2014	Parking	4,702	59	4,643	-	**	-	-	-	N/A	Required Maintenance of Existing Asset
14	Garage Atrium Canopy Repair	Parking	205	-	205	-		-	-	-	N/A	Required Maintenance of Existing Asset
15	Deicing Control Facilities Improvements - 2015	Environmental & Other Regulatory	376	-	-	376		-	282	94	N/A	Grant Funded / Environmental / Regulatory
16	Stormwater REI Project	Environmental & Other Regulatory	125	-	125	-		-	-	-	12.5%	-
17	Rehabilitate Airport Roads - 2015	Non-Airfield Roadways	1,200	-	-	1,200	**	-	-	1,200	N/A	Required Maintenance of Existing Asset
18	West Perimeter Road Bridge Repairs	Non-Airfield Roadways	330	-	50	280		-	-	280	N/A	Required Maintenance of Existing Asset
19	Rehabilitate High School Road, Rehabilitate Roads 2014, and Replace Republic Entrance	Non-Airfield Roadways	1,572	-	1,572	-	**	-	-	-	N/A	Required Maintenance of Existing Asset
20	PARCS System Assessment & Implementation	Information Technology	2,250	-	80	2,170		-	-	2,170	12.5%	-
21	Computer, Server and Equipment Replacement Program (2015)	Information Technology	634	-	-	634		-	-	634	N/A	Replacement of Equipment with no Utility
22	Capital Project Management System - Engineering	Information Technology	420	-	-	420		-	-	420	12.5%	-
23	Crashphone - Firehouse alerting	Information Technology	360	-	-	360		270	-	90	N/A	Health Safety
24	HR System Alignment	Information Technology	460	-	100	360		-	-	360	12.5%	-
25	Airport Management System Upgrades - ERP Assessment (2013)	Information Technology	940	-	940	-	**	-	-	-	N/A	Replacement of Required System
26	(2014) Snow Equipment Replacement - Snow Blowers (2 pieces)	Vehicle & Equipment Replacement	1,314	-	1,314	-		-	-	-	N/A	Replacement of Equipment with no Utility
27	(2015) Aerial Lift Truck Replacement	Vehicle & Equipment Replacement	148	-	-	148		-	-	148	12.5%	-
28	Property - IAA Staff Consolidation	Other	883	-	-	883		-	-	883	28.7%	-
29	Property - Relocate record storage create temp. controlled space for air cargo	Other	366	-	-	366		-	-	366	22.2%	-
30	Advance Planning and Design - 2015	Other	250	-	-	250		-	-	250	N/A	Planning Capital
31	Construct New Airfield Maintenance Facility	Other	12,070	-	-	200		-	150	50	N/A	Replacement of Essential Asset / Safety / Grant Funded
32	Central Energy Plant Cooling Tower Steel	Other	138	-	-	138		-	-	138	N/A	Required Maintenance of Existing Asset
33	IMC - Commons Building Roof Replacement	Other	787	-	787	-		-	-	-	N/A	Required Maintenance of Existing Asset
34	Old Parking Garage - Preservation Project	Revenue Development	168	-	15	153		-	-	153	N/A	Required Maintenance of Existing Asset
35	Property - Building 7 Rehabilitation	Revenue Development	963	276	687	-		-	-	-	N/A	Required Maintenance of Existing Asset
36	Heliport HVAC Replacement	Relievers	598	-	598	-		-	-	-	N/A	Replacement of Equipment with no Utility
37	Property - Building 63 Interior Demo	Revenue Development	183	-	183	-		-	-	-	>12.5%	-
38	Noise & General Airport System Land Acquisition	Properties & Non-Terminal Buildings	12,994	1,906	2,688	1,500		-	750	750	N/A	Regulatory / Capacity Enhancement

*Project Numbers were only given to New Projects or those projects with cost increase more than 10% over originally approved amount.

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

(1) Total includes only projects shown on the Program Summary.

*2015 PROJECT NUMBER	PROJECT TITLE	PROJECT TYPE	\$ in 000's							HURDLE RATE	
			TOTAL PROJECT COST	ACTUAL COST THRU 2013 (1)	2014 FORECAST COST	2015 PROJECT COST	PROJECTED SOURCE OF FUNDS 2015 CASH FLOW			INTERNAL RATE OF RETURN (IRR)	EXCLUSION IF NOT APPLIED
							ENTITLEMENT GRANTS	CONTINGENT DISCRETIONARY & OTHER GRANTS	AIRPORT FUNDS		
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.											
39	Rehabilitate IAB Roof	Properties & Non-Terminal Buildings	524	-	-	524	-	-	524	N/A	Required Maintenance of Existing Asset
40	IMC - Recoating of the IW Tank enclosure containment area	Properties & Non-Terminal Buildings	326	-	-	326	-	-	326	N/A	Environmental / Regulatory
41	CEP - Install Variable Speed Drive on Chiller #2	Properties & Non-Terminal Buildings	391	-	391	-	**	-	-	>12.5%	Economics cannot be accurately forecast
42	Airport Layout Plan (ALP) Update - Eagle Creek	Relievers	314	-	157	157	149	-	8	N/A	Grant Funded / FAA Regulatory
43	Rehabilitate, Relocate & Widen Taxiway B - Eagle Creek	Relievers	1,697	-	-	102	9	88	5	N/A	Grant Funded / FAA Regulatory
44	Structural Slab Replacement - Heliport	Relievers	999	33	966	-	**	-	-	N/A	Grant Funded / Replacement of Necessary Asset
45	Rehabilitate Runway & Taxiway Connectors A1, A2, A3, A4 - Metropolitan	Relievers	1,593	-	174	1,419	267	1,081	71	N/A	Grant Funded / Replacement of Necessary Asset
46	Replace Airfield Lighting - Metropolitan	Relievers	645	-	50	595	-	565	30	N/A	Grant Funded / Replacement of Necessary Asset
47	Rehabilitate T-Hangar Taxilanes - Indy Regional	Relievers	979	-	-	979	150	780	49	N/A	Grant Funded / Replacement of Necessary Asset
Previously Approved	Rehabilitate Runway 5L-23R Phase I and Phase II	Apron & Other Airfield	5,268	73	317	4,878	3,659	-	1,220	N/A	Regulatory / Capacity Enhancement
Previously Approved	Rehabilitate Taxiway A	Apron & Other Airfield	3,127	-	206	2,921	-	2,191	730	N/A	Regulatory / Capacity Enhancement
Previously Approved	Stormwater and Deicing Controls and Capacity - Phase 2B	Environmental & Other Regulatory	5,999	316	683	5,000	750	3,000	1,250	N/A	Regulatory / Capacity Enhancement
Previously Approved	Rehabilitate Taxiway B	Apron & Other Airfield	9,132	308	535	2,605	1,888	-	717	N/A	Grant Funded / Replacement of Necessary Asset
Previously Approved	Shuttle Bus Replacement (Parking)	Vehicle & Equipment Replacement	2,487	-	660	900	-	-	900	RD	Parking Revenue Development Strategy
Previously Approved	Geographic Information System	Information Technology	1,045	-	560	485	-	-	485	RD	Systems Improvement for Revenue Development
Previously Approved	Replace Aviation Fuel Farm - Heliport	Relievers	424	-	-	424	150	253	21	N/A	Grant Funded / Environmental / Regulatory
Previously Approved	Purchase of Hydraulic Atrium Lift	Vehicle & Equipment Replacement	367	-	24	343	-	-	343	N/A	Acquisition of Necessary Equipment
Previously Approved	Rehabilitate Apron at Old Terminal	Revenue Development	4,668	-	310	4,358	288	2,981	1,090	TBD	Site Preparation for Revenue Development / Grant Funded
Previously Approved	Enlarge Terminal Entrance - Bag Claim	Terminal	127	-	-	127	-	-	127	N/A	Retrofit to Initial Construction
Previously Approved	Disparity Study for the Indianapolis Airport Authority	Environmental & Other Regulatory	150	-	75	75	-	-	75	N/A	FAA Regulatory
Previously Approved	Capital Salaries	Other	3,826	-	581	600	-	-	600	N/A	GAAP Requirement
SUBTOTAL PROJECTS SHOWN ON THE PROGRAM SUMMARY				3,075	26,268	47,185	7,580	12,609	26,996		
2014 PROJECTS NOT LISTED ON THE PROGRAM SUMMARY				43,519	22,095	-					
GRAND TOTAL (1)				46,594	48,363	47,185					
SUBTOTAL PROJECTS SUBJECT TO MII APPROVAL			NONE	-	-	-					

*Project Numbers were only given to New Projects or those projects with cost increase more than 10% over originally approved amount.

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

(1) Total includes only projects shown on the Program Summary.

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 2-2013	2014 Forecast	Ordinance 4-2014	2015 vs 2014 Budget Ordinance	
	2014 Budget		2015 Budget	Fav / (Unfav) Variance \$	%
AIRLINE					
Landing Fees	\$ 17,279,298	\$ 17,650,749	\$ 18,340,578	\$ 1,061,280	6.1%
Apron Fees	1,544,718	1,832,358	1,878,719	334,001	21.6%
Airline Space	26,057,362	26,256,997	27,437,823	1,380,461	5.3%
Airline Total	44,881,378	45,740,104	47,657,120	2,775,742	6.2%
NON-AIRLINE					
AIRFIELD					
Fuel Sales	220,000	211,798	200,000	(20,000)	-9.1%
Ground Handling / Other	163,000	163,000	175,096	12,096	7.4%
RETAIL					
Food & Beverage	4,752,081	5,005,147	5,227,299	475,218	10.0%
News & Gifts	1,085,081	1,118,468	1,136,866	51,785	4.8%
Specialty Shops	1,257,969	1,279,268	1,237,629	(20,340)	-1.6%
Advertising	923,177	994,846	835,483	(87,694)	-9.5%
Car Rental	9,247,199	9,145,999	9,234,867	(12,332)	-0.1%
Other	1,441,842	1,380,928	1,371,686	(70,156)	-4.9%
PARKING & GTC					
Parking	37,666,671	40,500,085	40,500,085	2,833,414	7.5%
Ground Transportation Center	493,405	484,513	484,513	(8,892)	-1.8%
PROPERTIES					
Freight Buildings	949,690	922,822	933,726	(15,964)	-1.7%
Ground Leases	5,953,471	5,753,505	5,779,905	(173,566)	-2.9%
Hangars / Other Buildings	13,965,055	14,195,080	13,549,142	(415,913)	-3.0%
RELIEVERS	3,089,936	3,039,610	3,088,098	(1,838)	-0.1%
Indianapolis Maint. Center (IMC)	8,485,574	8,681,319	8,558,107	72,533	0.9%
OTHER INCOME	57,577	60,600	64,577	7,000	12.2%
Total Non-Airline Revenue	89,751,728	92,936,988	92,377,079	2,625,351	2.9%
OTHER REVENUES					
Special Leases - UAL	26,785,041	26,785,041	26,754,228	(30,813)	-0.1%
GASB Adjustment	(306,354)	(306,354)	(306,354)	-	0.0%
Operating Grant Revenue	764,000	764,000	764,000	-	0.0%
Passenger Facility Charges (PFC's)	15,148,269	14,587,002	14,635,351	(512,918)	-3.4%
Customer Facility Charges (CFC's)	5,871,559	5,877,172	5,867,022	(4,537)	-0.1%
Interest	4,539,000	4,000,000	4,457,756	(81,244)	-1.8%
TOTAL OPERATING REVENUE	187,434,621	190,383,953	192,206,202	4,771,581	2.5%
LESS					
Inter-fund Transfers	(9,827,524)	(9,168,154)	(9,329,199)	498,325	-5.1%
TOTAL (net of transfers)	\$177,607,097	\$181,215,799	\$182,877,003	\$5,269,906	3.0%

Capital Improvement Fund - Source of Funds Projections



Indianapolis Airport Authority

	Ordinance 2-2013		Ordinance 4-2014	2015 vs 2014 Budget Ordinance	
	2014 Budget	2014 Forecast	2015 Budget	Fav / (Unfav) \$	Variance %
Federal and State Grants (A)	\$14,003,893	\$ 28,826,150	\$ 20,254,700	\$ 6,250,807	45%
Interest	4,539,364	3,800,000	3,800,000	(739,364)	-16%
Operating Fund Transfers	5,288,160	5,368,154	5,529,199	241,039	5%
Prepaid Transfers	2,305,000	3,421,565	3,939,123	1,634,123	71%
Passenger Facility Charge (B)	-	-	-	-	n/m
Insurance Proceeds & Other (D)	-	3,322,000	-	-	100%
Proceeds from Land & Property Sales (C)	750,000	1,085,000	2,000,000	1,250,000	167%
Capital Improvement Funds	26,113,583	7,177,131	21,476,978	(4,636,605)	-18%
TOTAL	\$53,000,000	\$ 53,000,000	\$ 57,000,000	\$4,000,000	8%

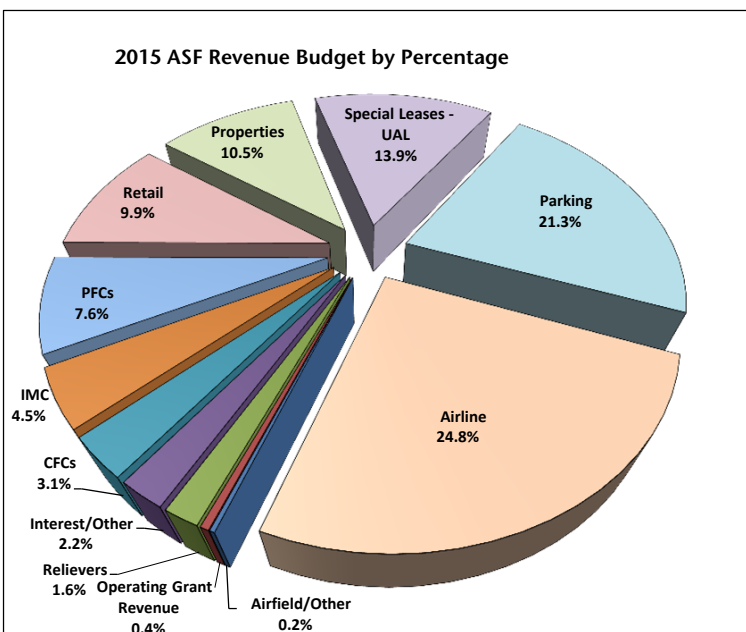
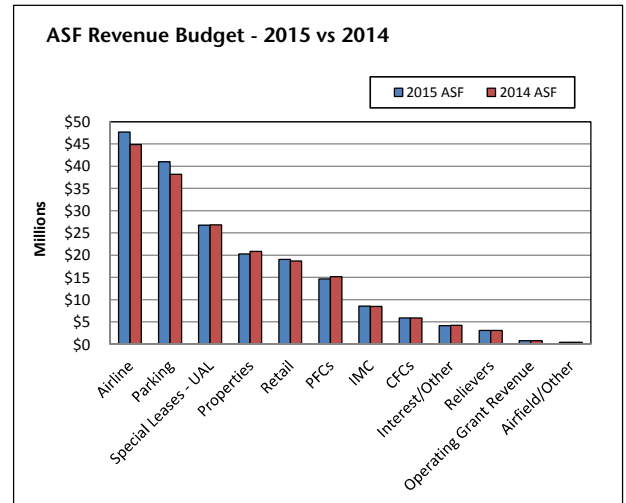
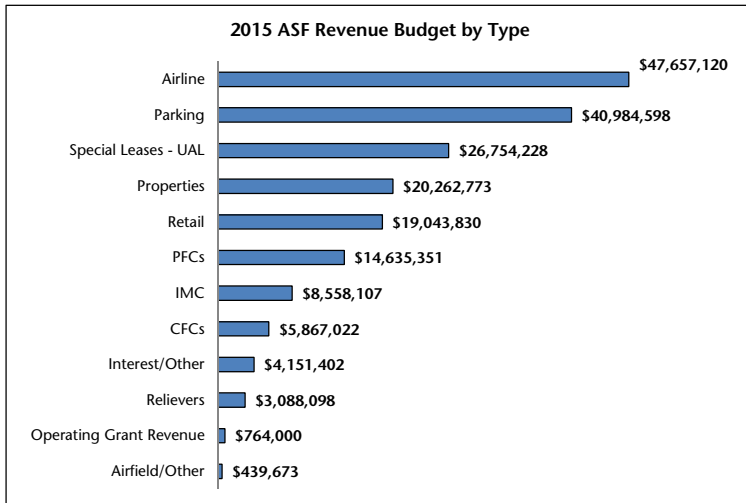
(A) The large variance in Federal and State Grants is due to the timing of the receipt of grants and actual spend on the projects the grants are funding. Several large grants were received in late 2013 and the capital spend occurred later than anticipated pushing the grant proceeds into 2014.

(B) 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.

(C) 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.

(D) Insurance Proceeds & Other includes \$3.117 million for the Constant Maturity Swap reversal completed in 2014 the balance of the insurance proceeds anticipated for the Rebuild of Building #122 in the 2014 Forecast.

	Ordinance 2-2013	Ordinance 4-2014	2015 vs 2014 Budget Ordinance	
	2014 Budget	2015 Budget	Fav / (Unfav) Variance \$	%
Airline	\$ 44,881,378	\$ 47,657,120	\$ 2,775,742	6.2%
Airfield	383,000	375,096	(7,904)	-2.1%
Retail	18,707,349	19,043,830	336,481	1.8%
Parking	38,160,076	40,984,598	2,824,522	7.4%
Properties	20,868,216	20,262,773	(605,443)	-2.9%
Relievers	3,089,936	3,088,098	(1,838)	-0.1%
Indianapolis Maintenance Center (IMC)	8,485,574	8,558,107	72,533	0.9%
Other Income	57,577	64,577	7,000	12.2%
Special Leases - UAL	26,785,041	26,754,228	(30,813)	-0.1%
Operating Grant Revenue	764,000	764,000	-	0.0%
Passenger Facility Charges (PFCs)	15,148,269	14,635,351	(512,918)	-3.4%
Customer Facility Charges (CFCs)	5,871,559	5,867,022	(4,537)	-0.1%
Interest/Other	4,232,646	4,151,402	(81,244)	-1.9%
TOTAL OPERATING REVENUE (before transfers)	187,434,621	192,206,202	4,771,581	2.5%
Inter-fund Transfers	(9,827,524)	(9,329,199)	498,325	-5.1%
TOTAL (net of transfers)	\$ 177,607,097	\$ 182,877,003	\$ 5,269,906	3.0%

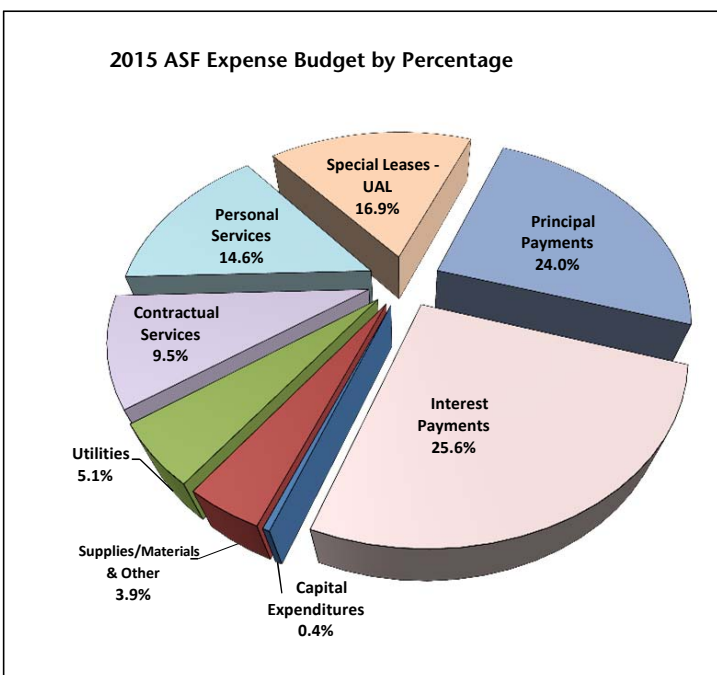
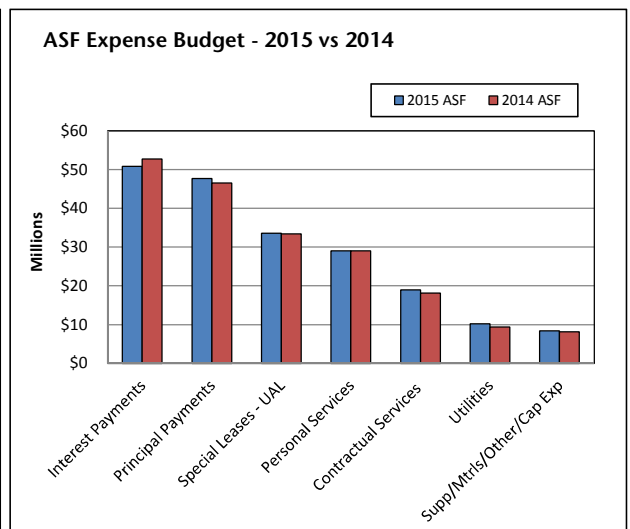
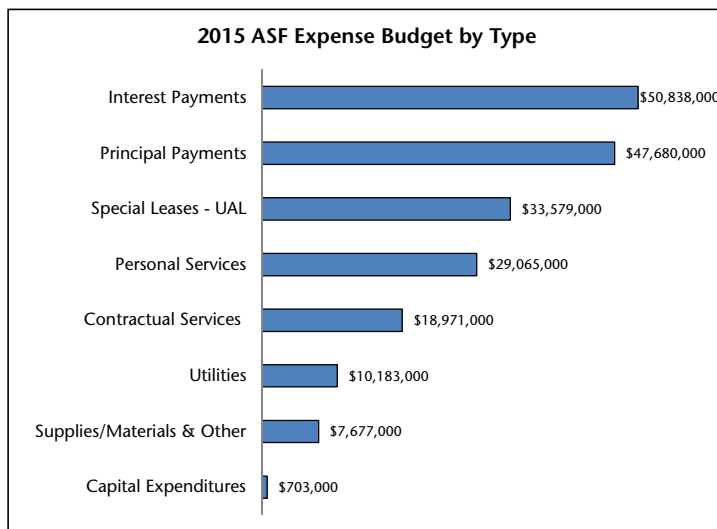


Management Comments

- Airline revenues are planned to increase \$2.8 million (6.2%) attributable to a projected increase in landed weights of 3.6% and an increase in landing fee rates (\$1.92 vs \$1.88) and terminal rental rates (\$95.11 vs \$91.68).
- Retail revenue is anticipated to increase \$0.3 million (1.8%) primarily attributable to an increase in Food & Beverage concessions offset by lower advertising revenues.
- Parking revenues are planned to increase \$2.8 million (7.4%) based on actual trend from changes instituted as part of the 2013 Parking Strategy.
- Properties revenue is anticipated to decrease \$0.6 million (2.9%) as the lease of the former postal hub expires Nov-14 and planned not to renew for 2015.
- Passenger Facility Charges are planned to decrease \$0.5 million (3.4%) based on actual yield trend and projected passenger numbers.



	Ordinance 2-2013 2014 Budget	Ordinance 4-2014 2015 Budget	2015 vs 2014 Budget Ordinance Fav / (Unfav) Variance	
			\$	%
OPERATING AND MAINTENANCE:				
Personal Services	\$ 29,028,000	\$ 29,065,000	\$ (37,000)	-0.1%
Utilities	9,357,000	10,183,000	(826,000)	-8.8%
Contractual Services	18,124,000	18,971,000	(847,000)	-4.7%
Supplies & Materials	5,512,000	5,866,000	(354,000)	-6.4%
Other Charges	2,213,000	1,777,000	436,000	19.7%
Capital Expenditures	376,000	703,000	(327,000)	-87.0%
Environmental Remediation	34,000	34,000	-	0.0%
Total Operating Expenses	64,644,000	66,599,000	(1,955,000)	-3.0%
DEBT SERVICE:				
Special Leases - UAL	33,420,000	33,579,000	(159,000)	-0.5%
Interest Payments	52,722,000	50,838,000	1,884,000	3.6%
Principal Payments	46,533,000	47,680,000	(1,147,000)	-2.5%
Total Debt Service	132,675,000	132,097,000	578,000	0.4%
TOTAL AIRPORT SYSTEM FUND	\$ 197,319,000	\$ 198,696,000	\$ (1,377,000)	-0.7%



Management Comments

- Utilities anticipated to exceed prior year \$0.8 million (8.8%) driven by rate increases and projected volume increase for natural gas.
- Contractual Services projected to increase \$0.8 million (4.7%) relating to Information Technology strategic initiatives, outsourced parking garage facilities maintenance (restriping; power washing), and outsourced snow removal services for parking garage, properties, Relievers and IMC.
- Supplies & Materials planned to increase \$0.4 million (6.4%) relating to increases in fuel rates, replacement of 2 Ground Power Units (GPUs) and tower repairs.
- Other Charges are anticipated to decrease from prior year by \$0.4 million (19.7%) relating to a reduction of rental expense due to fewer leased shuttle buses and the expiration of IMC leasehold enticement amortization in 2014.
- Operating capital expenditures budgeted in 2015 include 8 vehicle replacements; 2 mower replacements; floor care equipment; and defibrillator replacements.
- 2015 budgeted debt service represents lower interest payments and higher principal payments than prior year as the revenue bond series continues toward maturity and the amount of principal and interest dedicated in the payment has an inverse relationship.