

Long Beach Airport Financial Overview

Airport Advisory Commission Presentation

February 20, 2020



long beach
airport

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Financial Policies and Regulations

- Federal Aviation Administration (FAA) Revenue Use Policy
- FAA's Grant Assurances
- Federal Office of Management and Budget (OMB) Uniform Guidance (2 CFR 200)
- Generally Accepted Accounting Principles (GAAP) and Governmental Accounting Standards Boards (GASB)
- City's Financial Policies and Procedures
- Internal Financial Policies and Procedures
- Airport Industry Best Practices

Financial Metrics

Debt Service Coverage Ratio

- Requirement of Bond Covenants
- Measures financial performance and risk

Debt per Enplanement Ratio

- Measures leverage and debt capacity

Days Cash on Hand

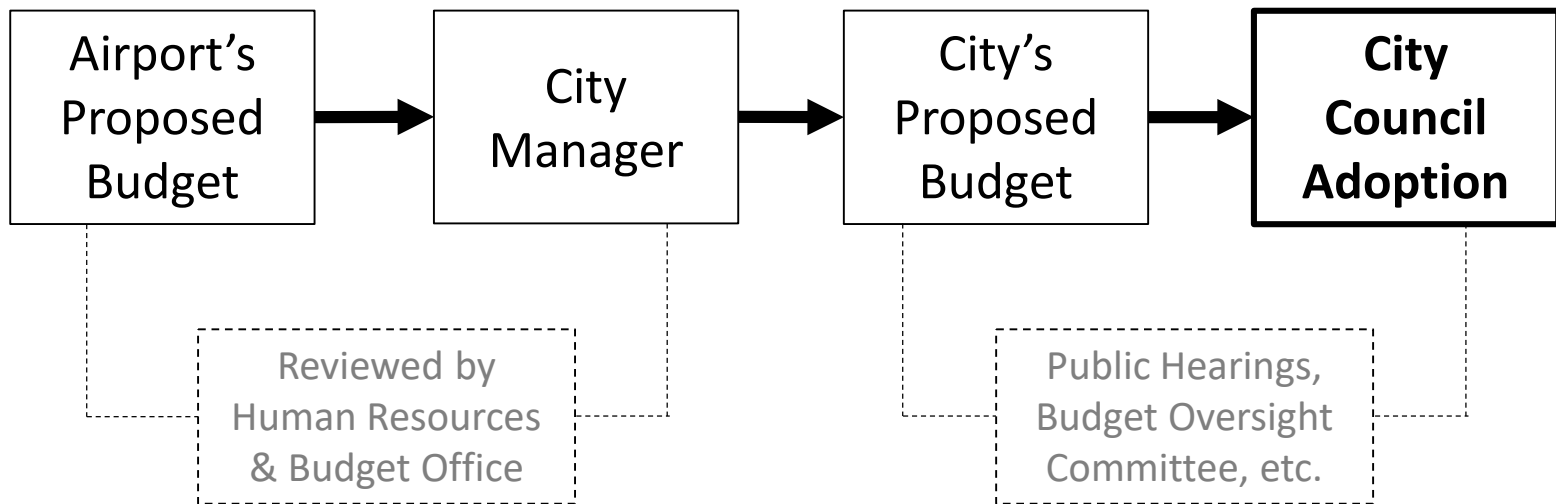
- Measures Financial Liquidity and Flexibility

Cost Per Enplanement (CPE)

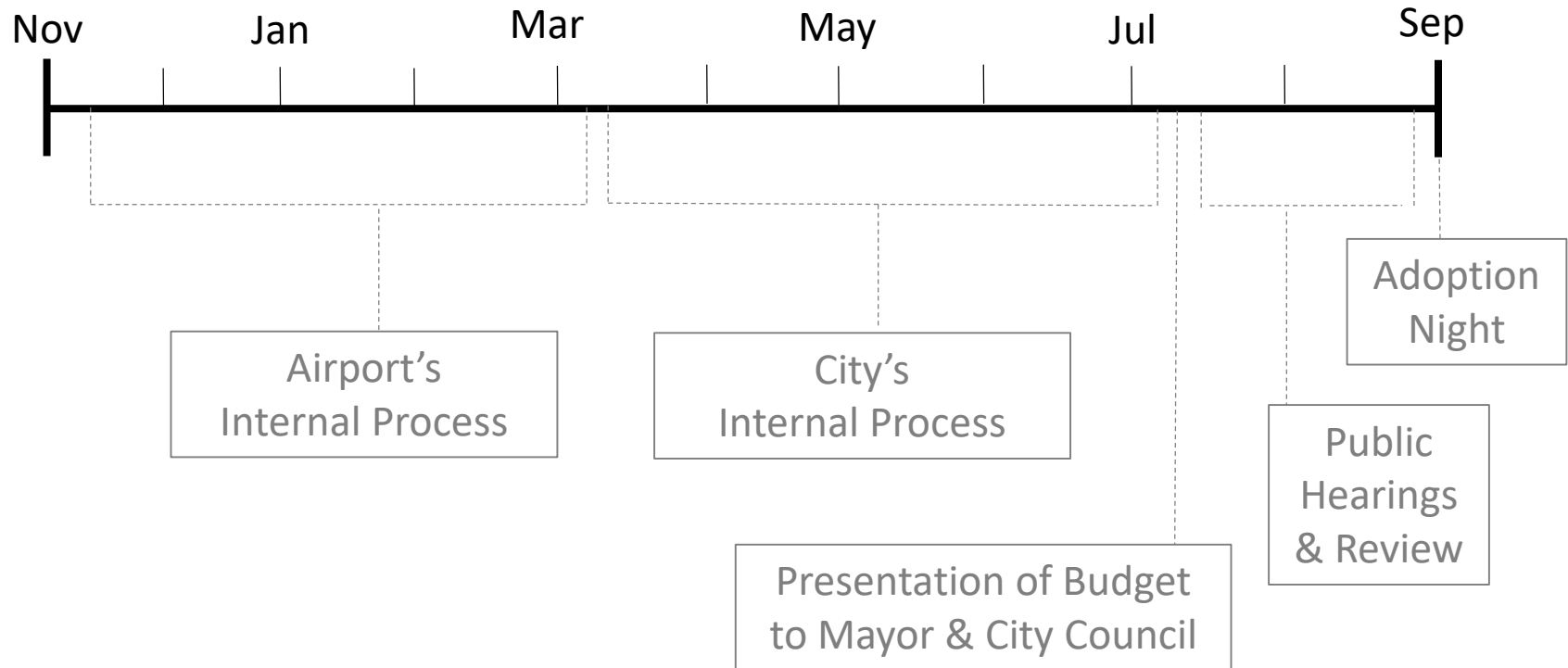
- Measures cost to Airlines
- Indicates cost competitiveness

City Budget Process Overview

- The Airport follows a budget process under the guidelines set by the Budget Office (a bureau of the Department of Financial Management under the City Manager)
- The Airport's budget is a part of the City's Proposed Budget that is presented to the Mayor and City Council for adoption.



City Budget Process Timeline



City's Adopted Budget Book

- Once the budget is adopted, the City will release the Budget Book.
- The document, along with other budget information, can be found on the City's website at:

<http://www.longbeach.gov/finance/city-budget-and-finances/budget/budget-information/>



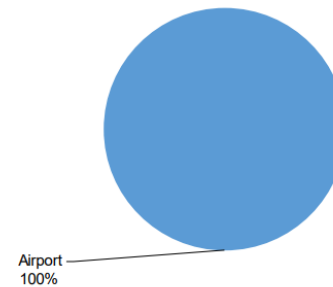
FY2020 Airport Adopted Budget

The Airport has a budget chapter in the City's Adopted Budget Book. The Airport's adopted budget numbers are reported in that chapter.

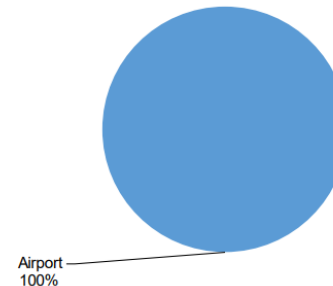
- Revenues - \$55.7 million
- Expenditures - \$50.1 million
- The Funds are 100% Airport (no general fund dollars used)

FY 20 Budget

FY 20 Revenues by Fund



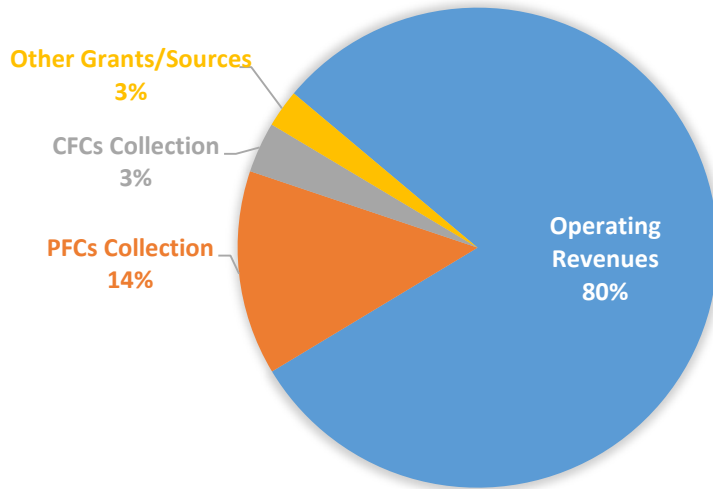
FY 20 Expenditures by Fund



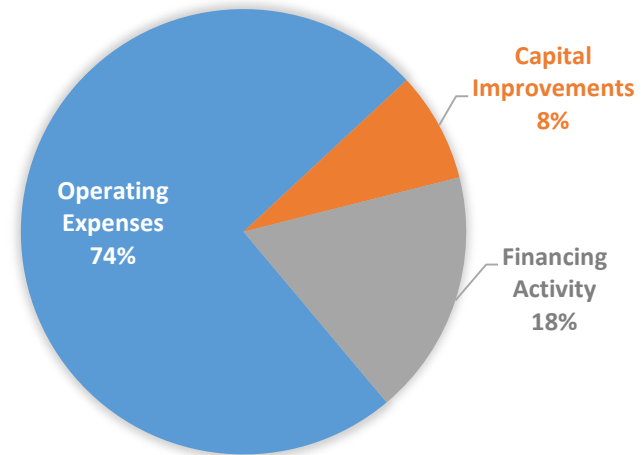
Fund Impact

Fund	Revenues	Expenditures	Fund Impact
Airport	55,650,394	50,082,631	5,567,764
Total	55,650,394	50,082,631	5,567,764

FY2020 Adopted Budget Detail



<u>Budgeted Revenues</u>	<u>FY20 Budget (in millions)</u>
Operating Revenues	\$44.7
PFCs Collection	\$7.7
CFCs Collection	\$1.9
Other Grants/Sources	\$1.4
	<hr/>
	\$55.7



<u>Budgeted Expenditures</u>	<u>FY20 Budget (in millions)</u>
Operating Expenses	\$37.2
Capital Improvements	\$4.0
Financing Activity	\$8.9
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	\$50.1

Budgeted Operating Revenues

Revenues from Airlines (38%) - \$17.2M

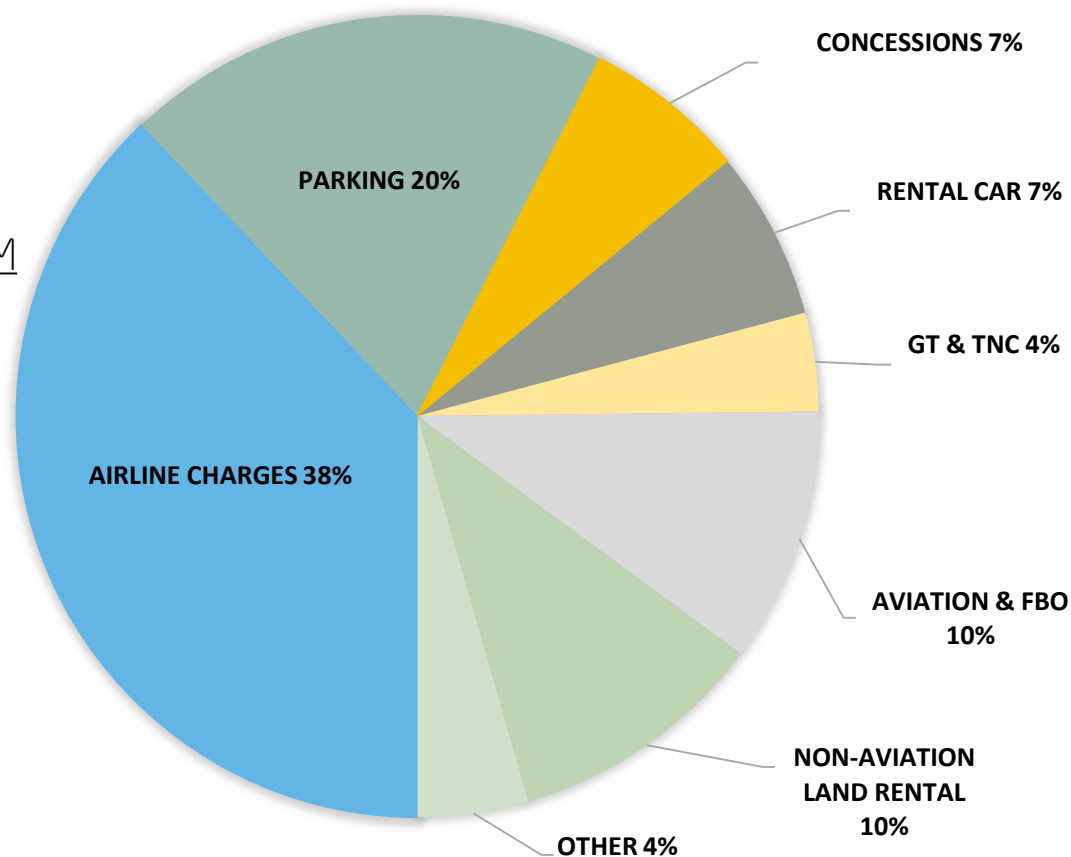
- Landing Fees
- Gate Uses
- Common Uses
- Terminal Rents

Indirect Airline Revenues (38%) - \$16.9 M

- Parking
- Concessions
- Rental Car
- Ground Transportation

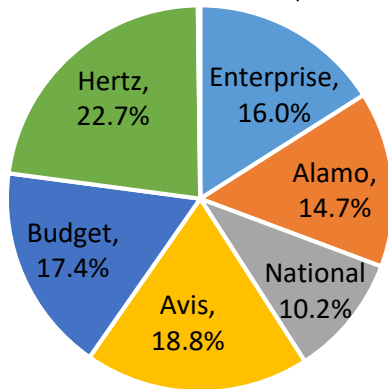
Non-Airline Revenues (24%) - \$10.6 M

- FBO/Aviation Activities
- Land Leases/Rentals
- Interest Revenues
- Miscellaneous

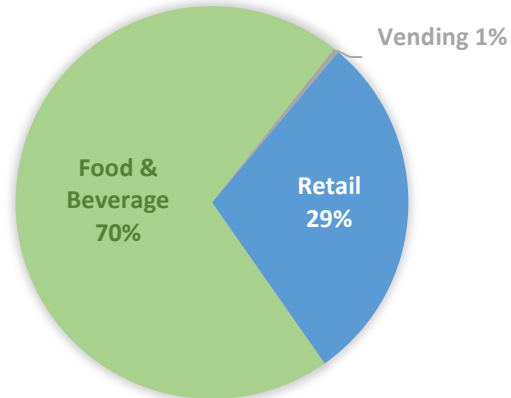


Market Shares at LGB

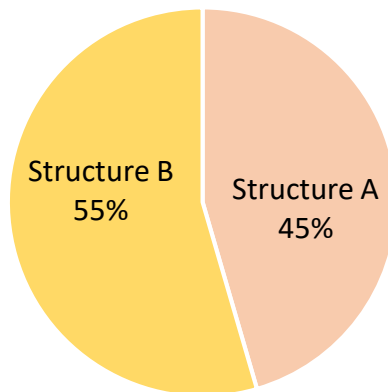
Rental Car Companies



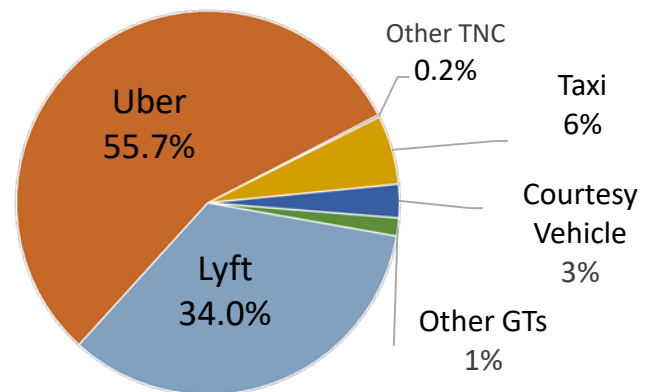
Concession Sales



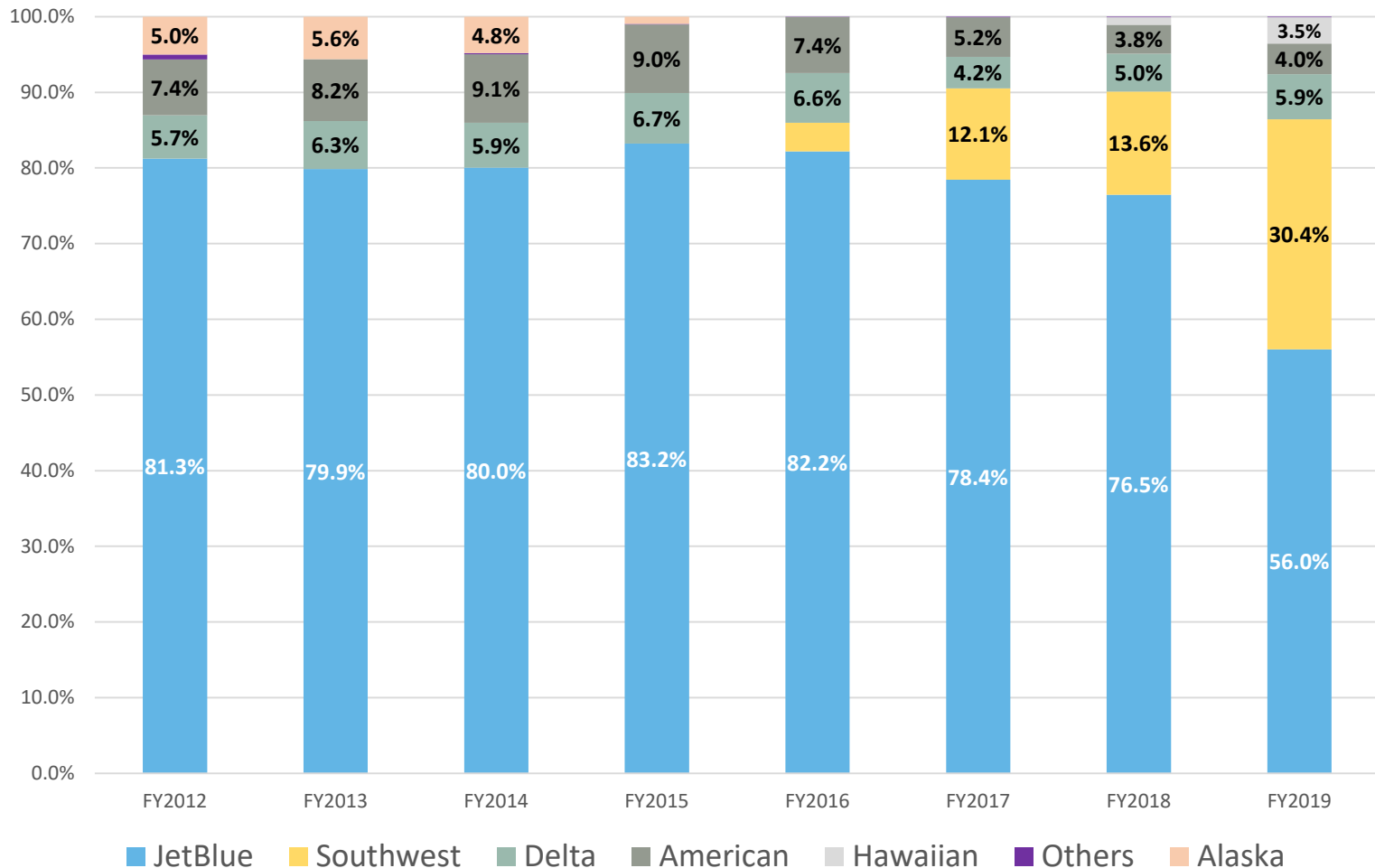
Parking Structures



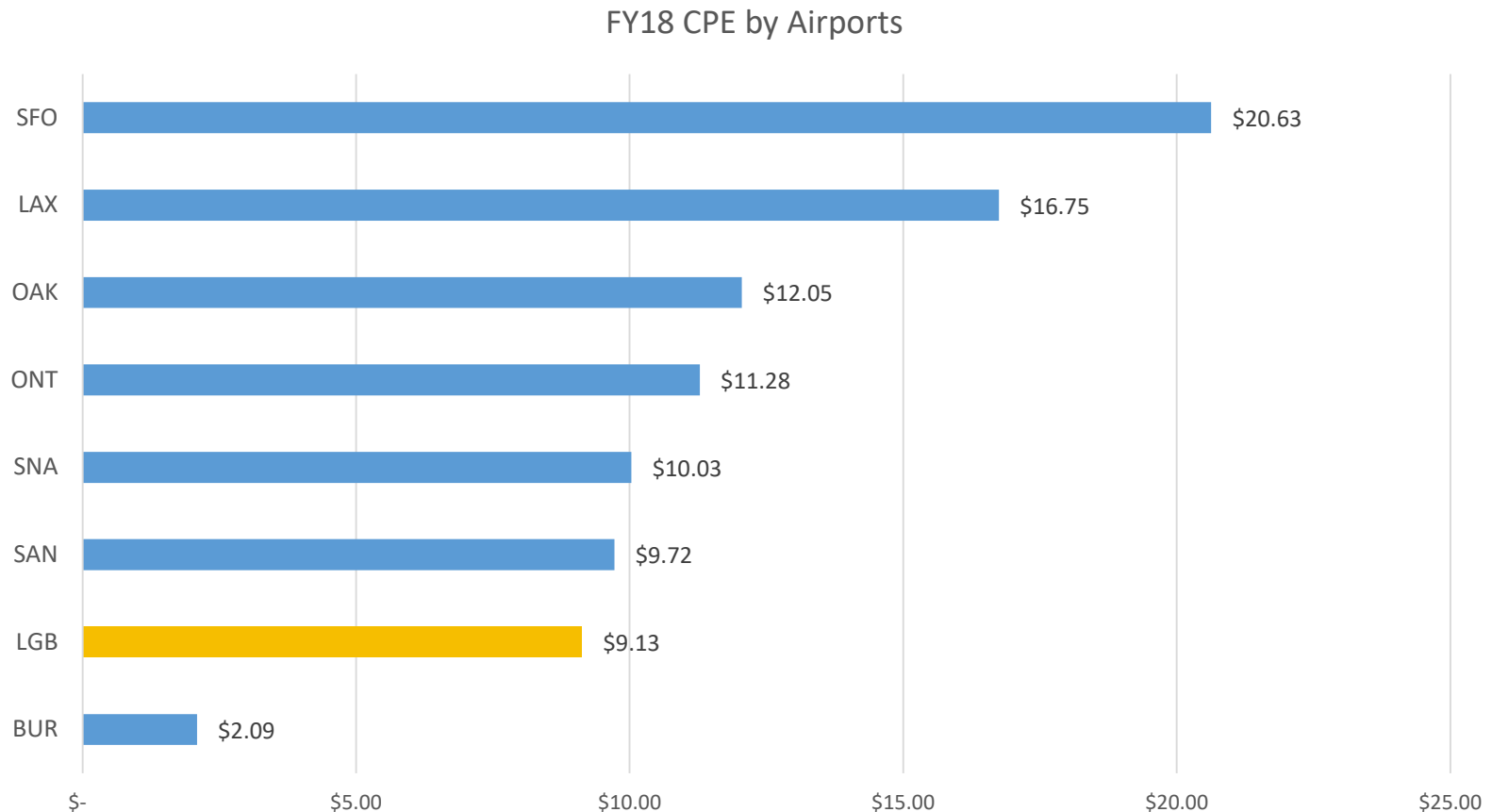
GT/Taxi/TNCs



Airline Activity at LGB



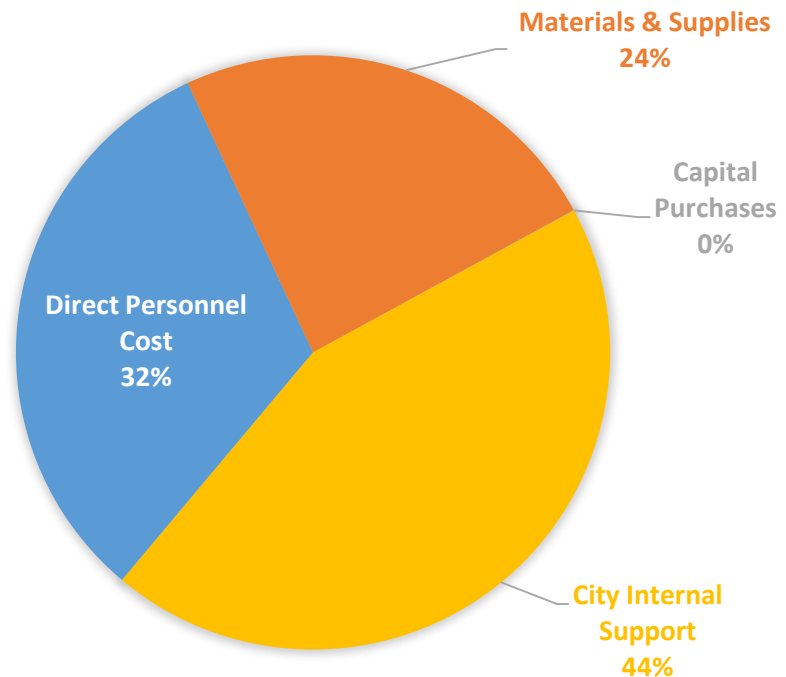
Airline Cost Per Enplanement (CPE)



Note: Based on FAA Data, Burbank Airport (BUR) generates a significant amount of parking revenues that offsets Airport operating cost, ultimately lowering CPE.

Budgeted Operating Expenses

<u>Expenditures</u>	<u>FY20</u> <u>Budget</u> <u>(in millions)</u>
Direct Personnel Cost	\$11.9
Materials & Supplies	\$8.9
City Internal Support	\$16.4
Capital Purchases	\$0.0
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	\$37.2



Current Capital Projects

- Airside “as-needed” Improvements - \$2M
- Landside “as-needed” Improvements - \$2M
- Taxiway C Improvements - \$28M
- Taxiway B Improvements - \$8M
- Ramp GSE Chargers - \$1.4M
- Phase II Terminal Area Improvement - \$110M

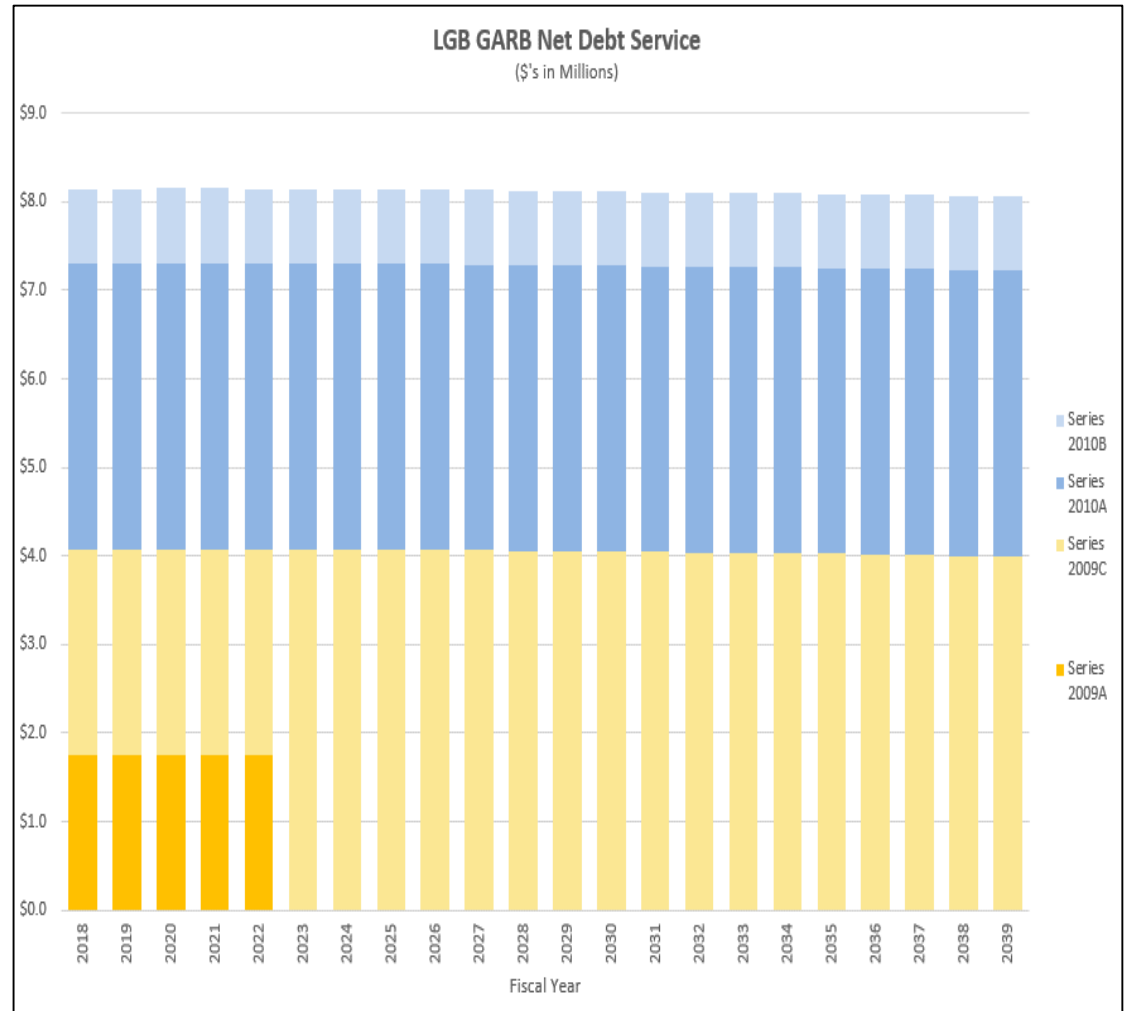
FUNDING SOURCES:

- Airport Operating Revenues
- Federal Grants
- PFCs & CFCs
- Financing Activities



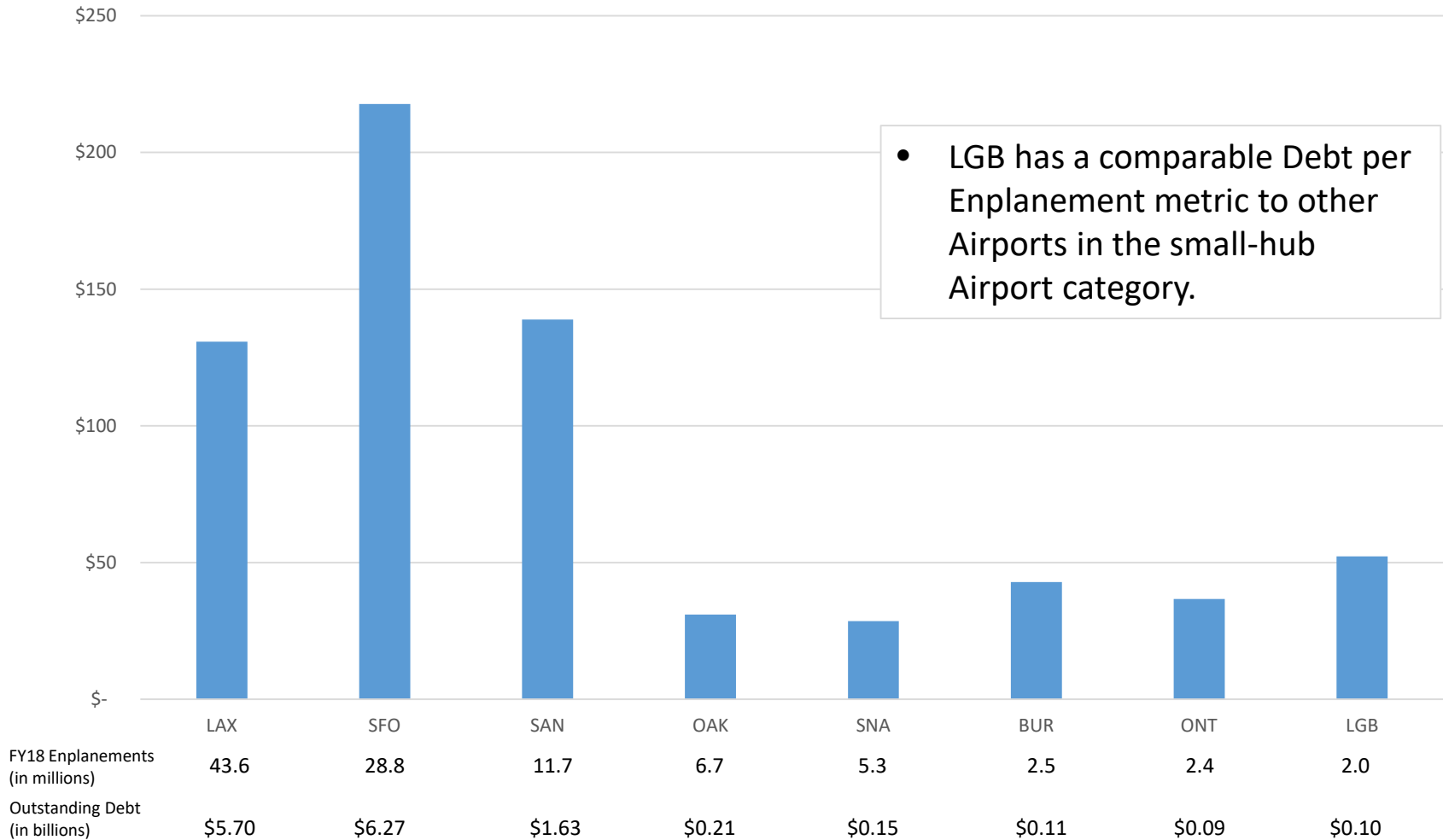
Debt Services

- 2009 Series Bond Issued for Construction of Parking Structure B
- 2010 Series Bond Issued for the Construction of Concourse and Screening Facility
- \$102 million in outstanding debt
- Annual Debt Services of \$8.1 million (net of federal subsidies)
- Funded by PFCs, Federal Subsidies and Airport Operating Revenues
- LGB carries leveled debt service for the next 20 years.



Debt per Enplanement

FY2018 Debt per Enplanement Metric



LGB Credit Rating

- "A3 stable" rating with Moody's Rating Agency
- "A-" with stable outlook with Fitch Ratings
- **Comparable to other similar sized airports**

Factors that impact LGB's Credit Ratings

- Diversification of Airlines
- Enplanement Levels
- Financial Metrics (especially Debt Service Coverage Ratio)

Financial Targets

Financial Metrics	Min/Max Target	FY2019 Actual
Debt Service Coverage Ratio	1.50x	1.69x
Debt per Enplanement Ratio	\$85	\$58
Days Cash on Hand	365	651
Cost Per Enplanement (CPE)	\$10.00	\$8.52



Thank You!