

# 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

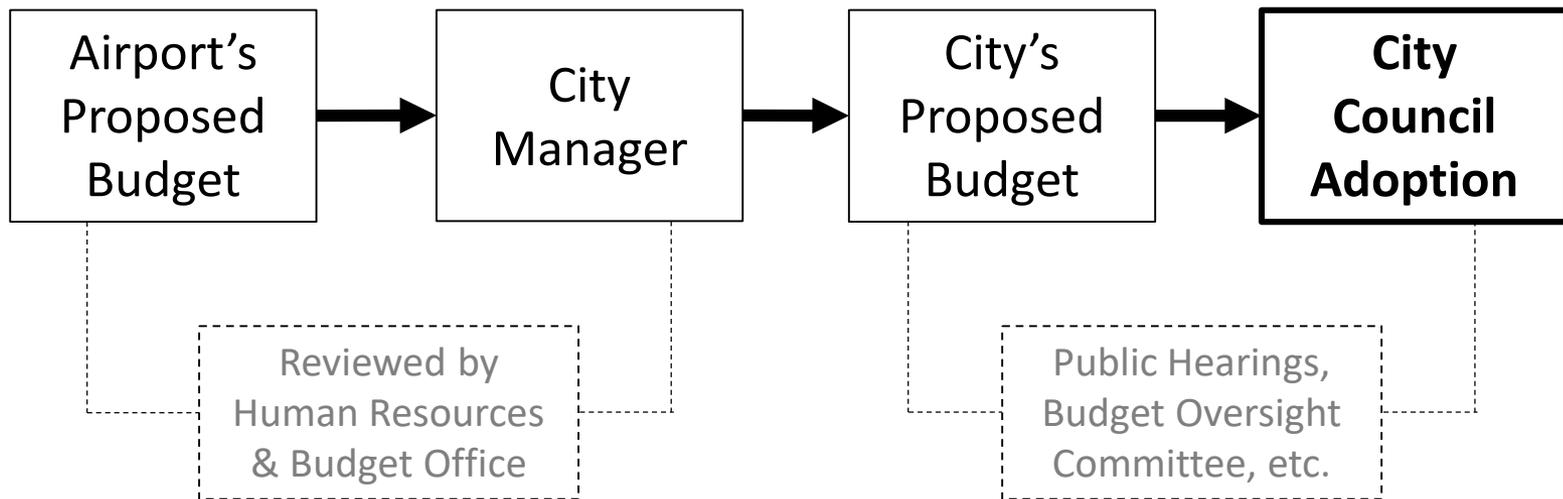
- Measures Financial Liquidity and Flexibility

## Cost Per Enplanement (CPE)

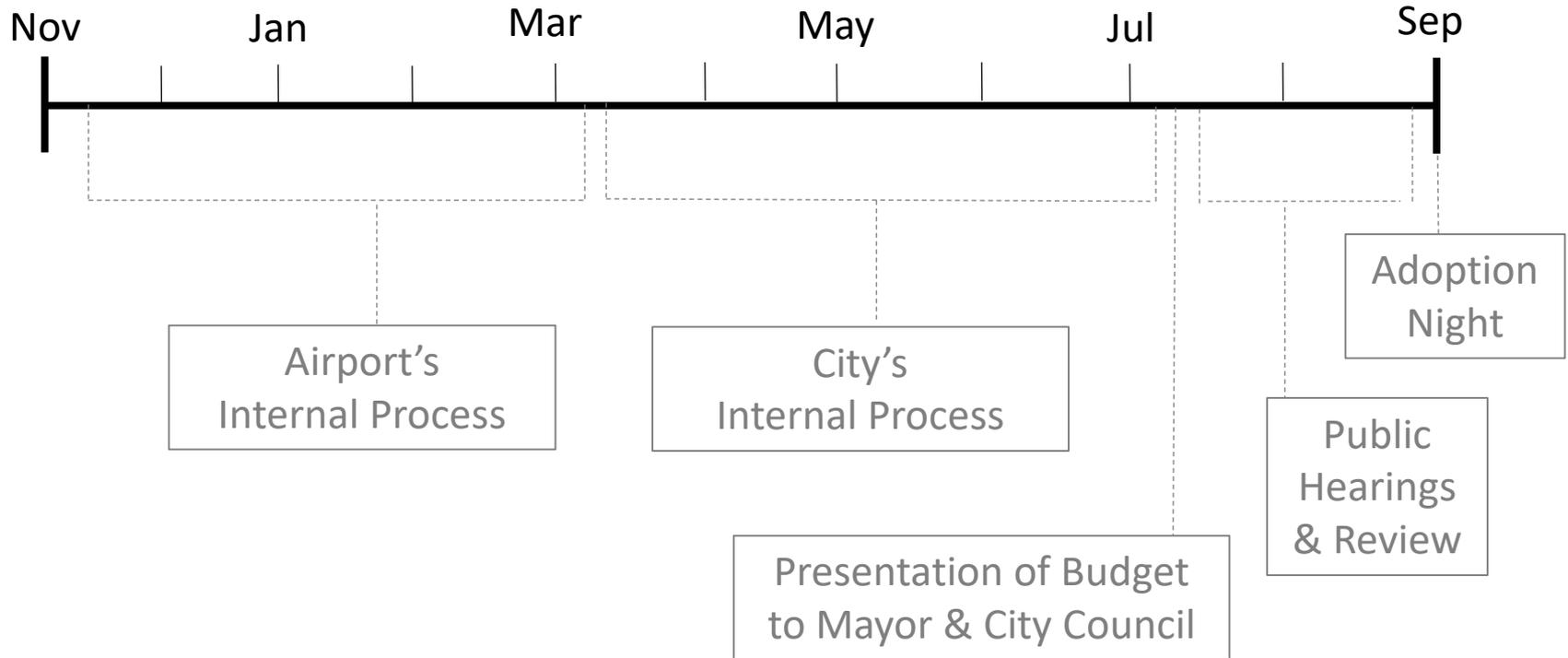
- Measures cost to Airlines
- Indicates cost competitiveness

# 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:

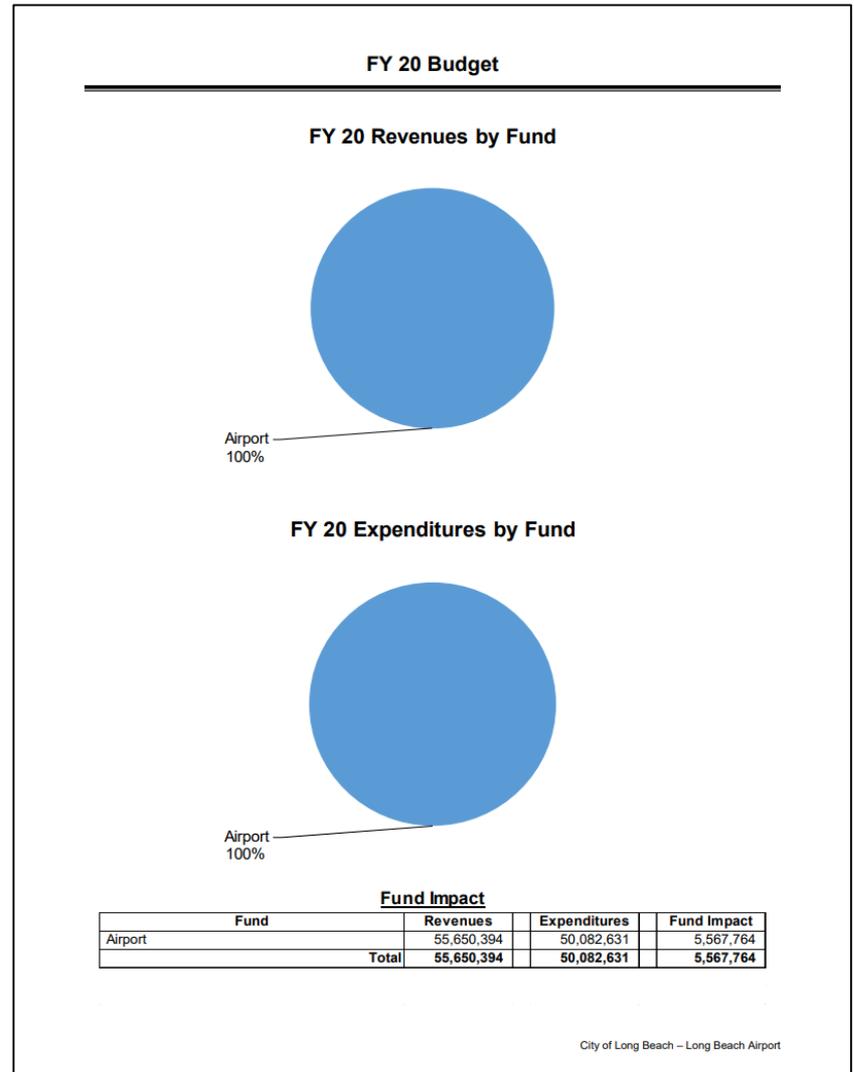
<http://www.longbeach.gov/finance/city-budget-and-finances/budget/budget-information/>



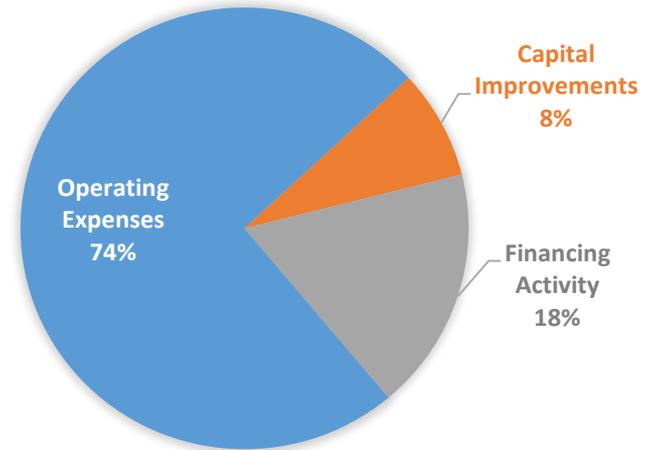
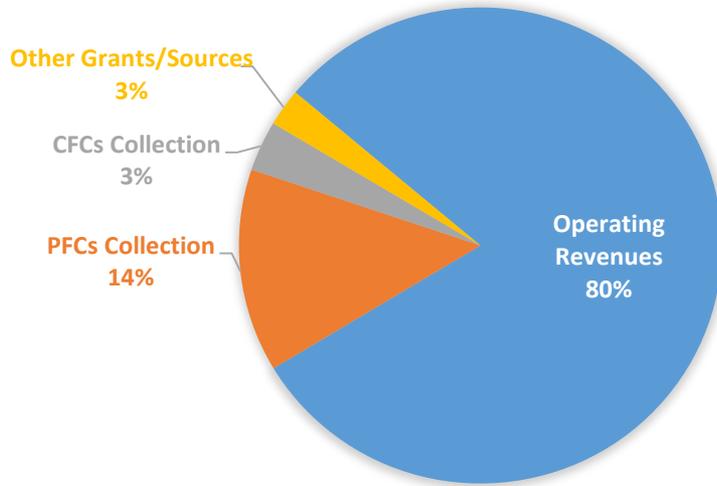
# FY2020 Airport Adopted Budget

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)



# FY2020 Adopted Budget Detail



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

<u>Budgeted Expenditures</u>	<u>FY20 Budget</u> (in millions)
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

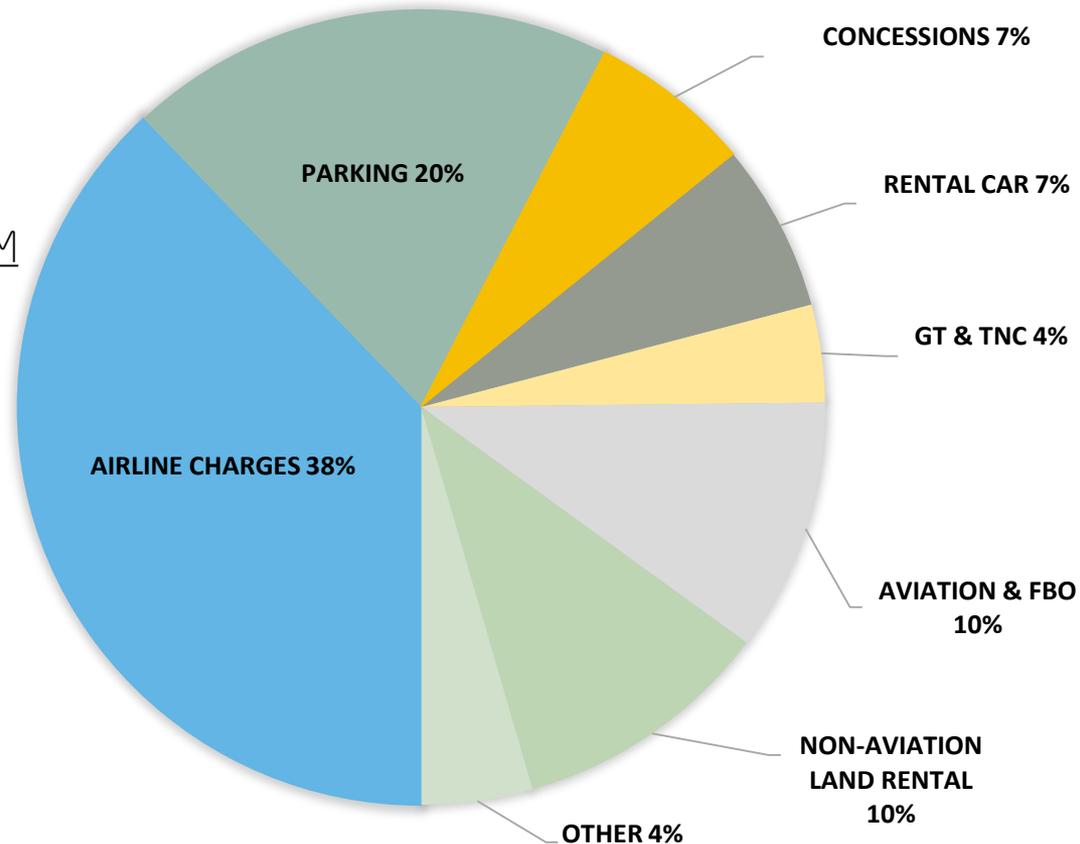
- Landing Fees
- Gate Uses
- Common Uses
- Terminal Rents

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

- Parking
- Concessions
- Rental Car
- Ground Transportation

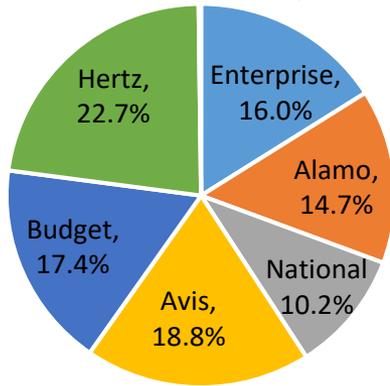
## Non-Airline Revenues (24%) - \$10.6 M

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

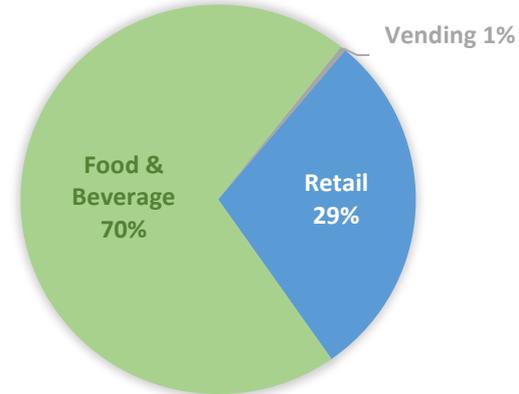


# Market Shares at LGB

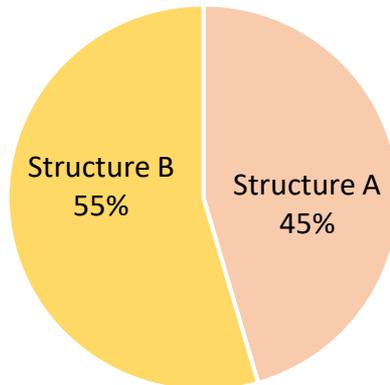
## Rental Car Companies



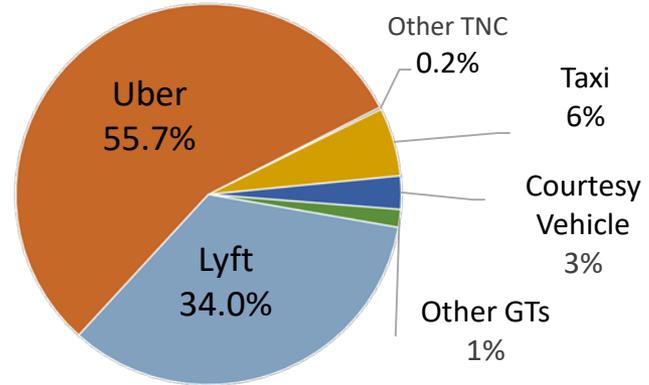
## Concession Sales



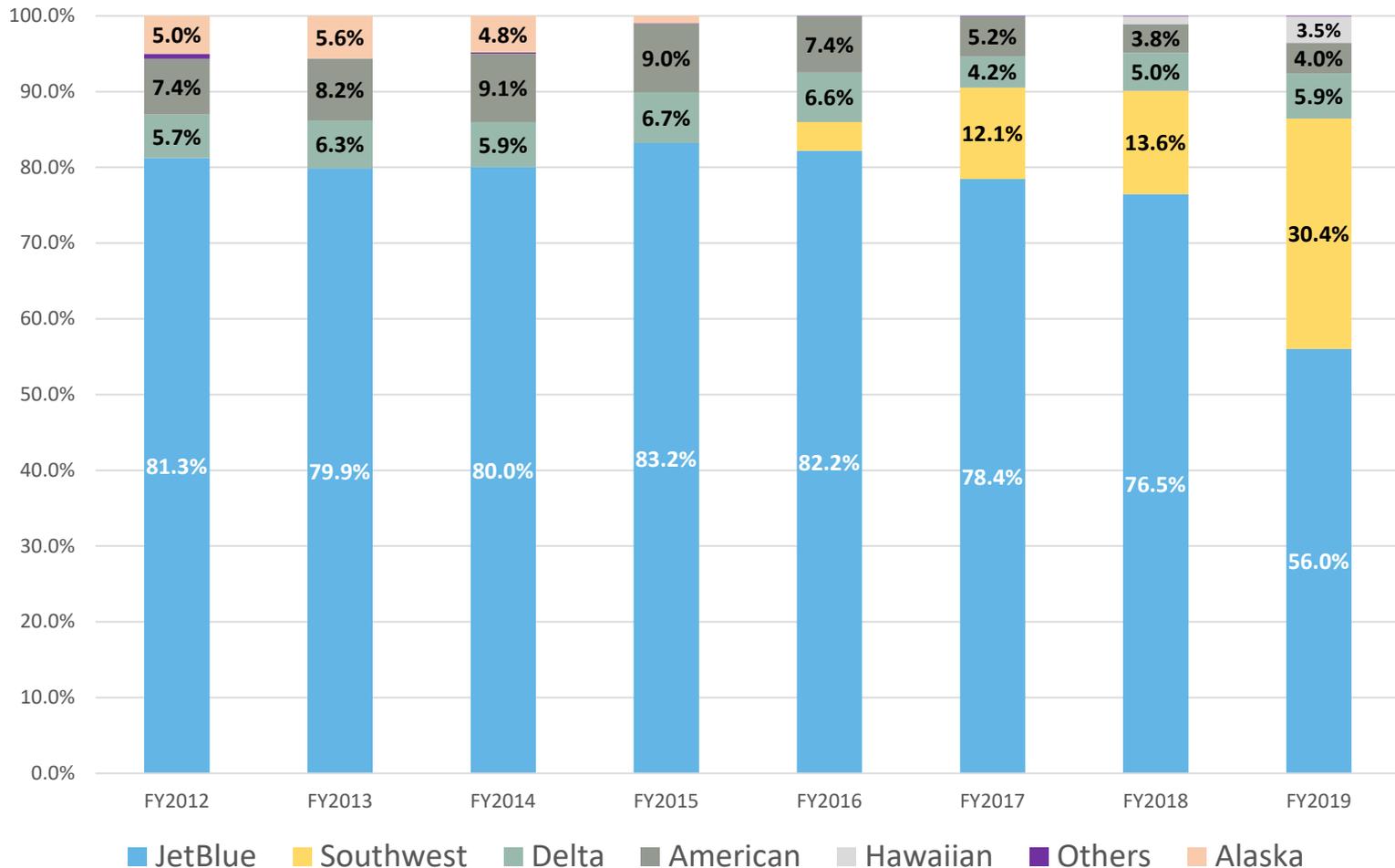
## Parking Structures



## GT/Taxi/TNCs

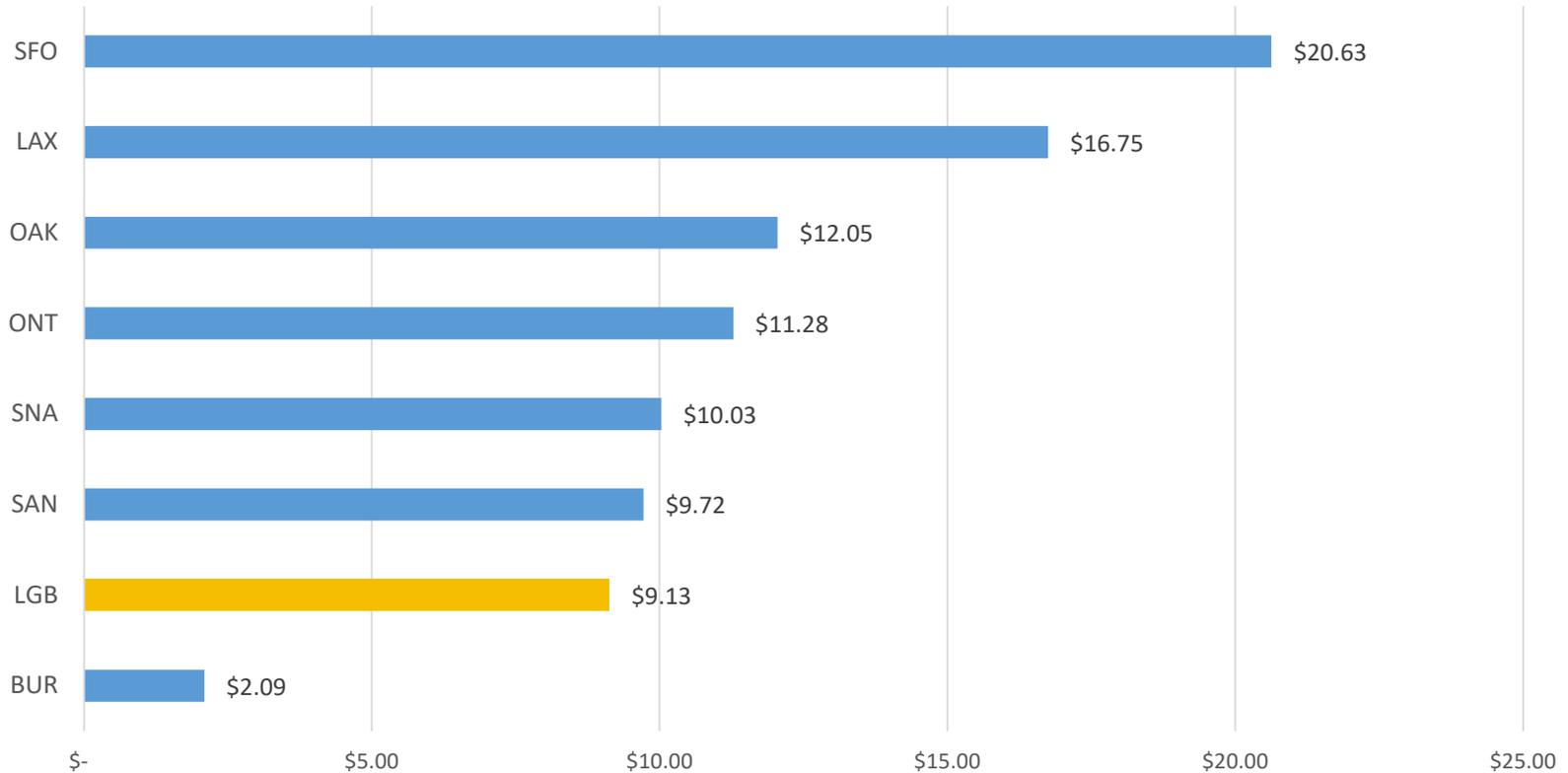


# Airline Activity at LGB



# Airline Cost Per Enplanement (CPE)

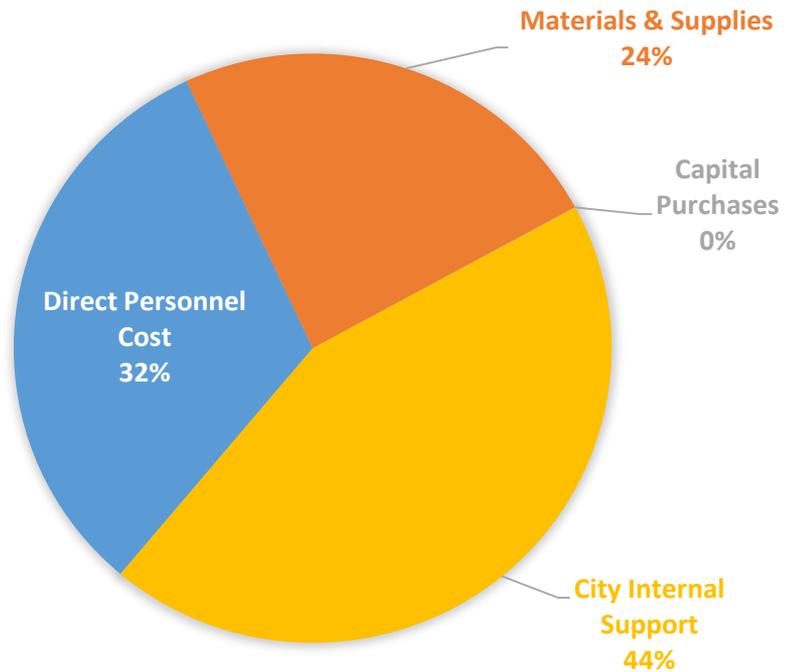
FY18 CPE by Airports



*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 Budget (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

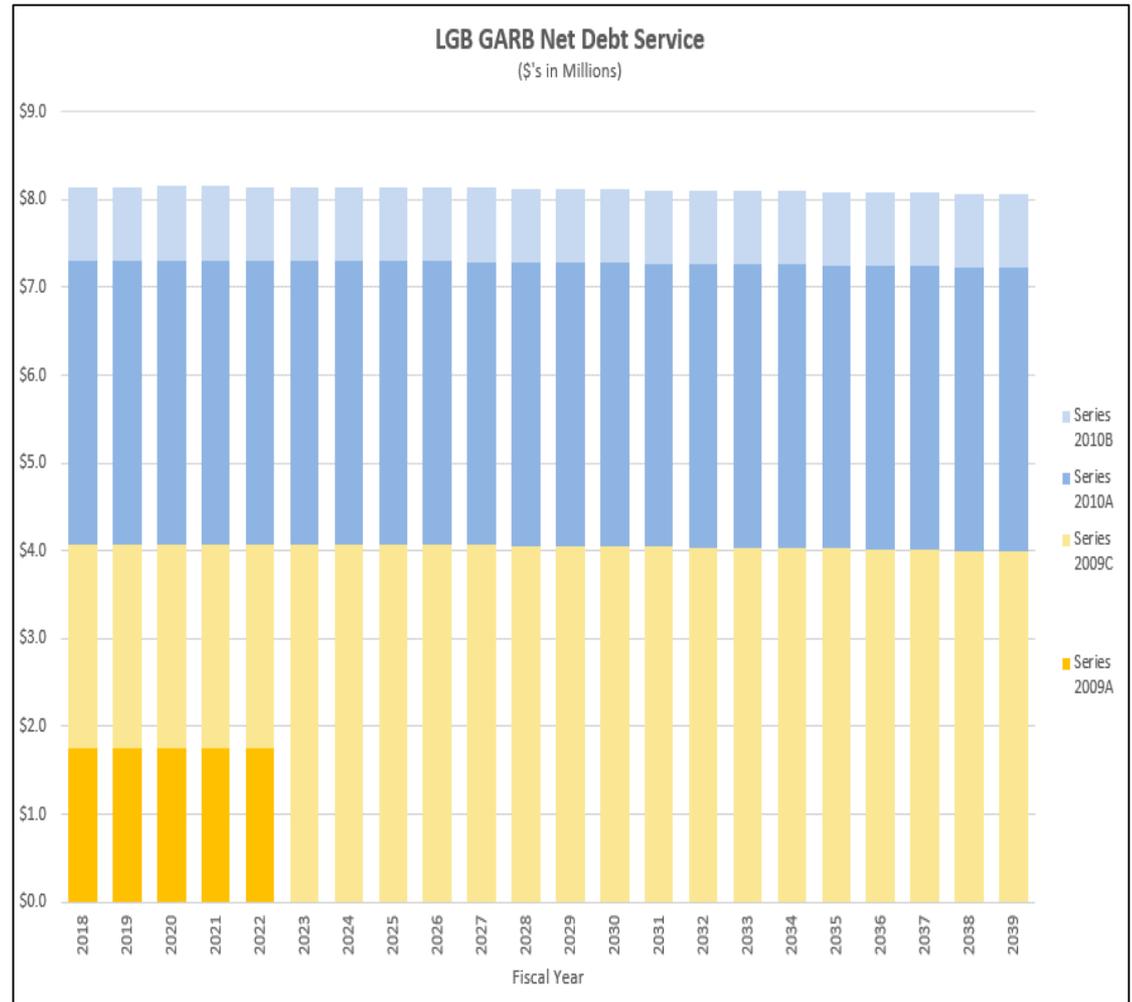
## FUNDING SOURCES:

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



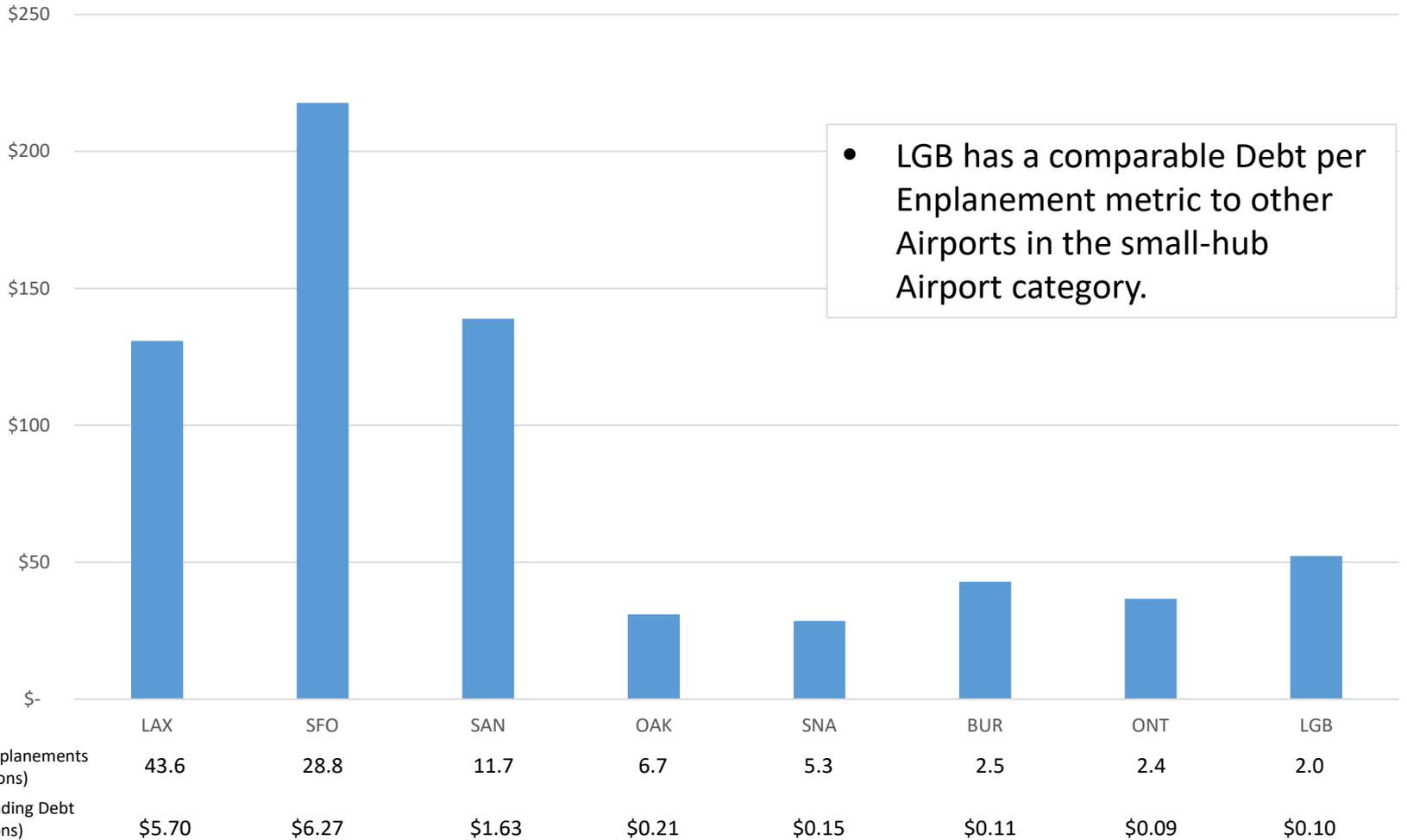
# Debt Services

- 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 has a comparable Debt per Enplanement metric to other Airports in the small-hub Airport category.

# 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

<b>Financial Metrics</b>	<b>Min/Max Target</b>	<b>FY2019 Actual</b>
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!