



CENTENNIAL AIRPORT
ARAPAHOE COUNTY PUBLIC AIRPORT AUTHORITY

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MEMORANDUM

To: Arapahoe County Public Airport Authority Board of Commissioners

From: Roxana L. Hahn, Chief Financial Officer

Date: December 10, 2015

Subject: Proposed Annual Budget for the Fiscal Year 2016

Enclosed are the operating and capital budgets proposed for 2016, the 2015 estimates, and the actual results of operations for 2014.

1. Operating revenues are based on current contracts, agreements and anticipated miscellaneous revenue sources. Operating revenues are projected to increase in 2016 by \$244,350 or 3.65%. Land rent, option fees, and building rent are expected to increase by \$39,459. Aviation fuel fees and Colorado fuel tax fees are conservatively budgeted to stay the same. Tie down and T-hangar fees are expected to increase by \$100,000. Commercial Activity Fees and Other Sources of Operating Revenue are expected to increase by \$109,553 primarily due to an increase in anticipated construction fees. Other Revenue is budgeted to decline by \$4,662 due to a decrease in projected interest income.
2. Other funds anticipated in 2016 include Federal Aviation Administration (FAA) reimbursements for \$10,288,168 in Airport Improvement Program (AIP) grants. This represents approximately a 90% reimbursement of the project cost for the AIP projects. Funds are also anticipated from state grants for \$495,500. This represents a reimbursement of a portion of the grant match for two FAA AIP grants for airfield improvements.
3. The Authority anticipates entering into a lease-purchase agreement for a hangar for \$6,500,000 in 2016. This lease-purchase will result in an estimated payment of \$560,616 in 2016. Annual payments for nine subsequent years are estimated to be \$747,488. The final payment will be in 2026 for \$186,867.
4. Expenses (net of depreciation and amortization) reflect a decrease of \$161,398 or 2.50% in 2016. This decrease is primarily due to a decrease in the ground lease payment as the final payment will be made mainly from the reserve fund. The primary increases in expense are in personnel service expense, the final balloon payment upon the maturity of a loan and additional debt service as a result of the proposed hangar purchase.
5. Capital expenditures of \$11,348,457 under the Federal Aviation Administration Airport Improvement Program and the State Grant Program are projected for 2016. The grants are expected to finance airfield improvements and noise exposure maps.

Non-Grant capital expenditures for 2016 of \$1,795,900 are projected for airfield improvements, snow removal equipment, building improvements, signage, landscaping, security cameras & access control upgrades, computer & software upgrades, drainage improvements, storm water management plan update, master drainage plan update, maintenance equipment, mailboxes, office equipment and furniture.

6. This budget is prepared on the modified accrual basis.

ARAPAHOE COUNTY PUBLIC AIRPORT AUTHORITY-2016
BUDGET

STATEMENT OF REVENUE, EXPENSES AND AVAILABLE FUNDS

	2014 Actual	2015 Estimate	2016 Proposed
Audited Funds Available (Beginning)	\$ 3,873,970	\$ 4,139,033	\$ 2,733,991
Revenue	\$ 7,493,787	\$ 6,698,690	\$ 6,943,040
Loan			\$ 6,500,000
Grant Reimbursement	\$ 5,705,275	\$ 7,322,608	\$ 10,783,668
Total Revenue and Funds Available	\$ 17,073,032	\$ 18,160,331	\$ 26,960,699
Expense (Net of Depreciation & Amortization)	\$ 6,002,002	\$ 6,446,268	\$ 6,284,870
Hangar Purchase		\$ 200,000	\$ 6,330,000
Grant-Funded Projects	\$ 6,267,272	\$ 7,973,934	\$ 11,348,457
Other Capital Expenditures	\$ 664,725	\$ 806,138	\$ 1,795,900
Total Expenditures	\$ 12,933,999	\$ 15,426,340	\$ 25,759,227
NET FUNDS AVAILABLE (Ending)	\$ 4,139,033	\$ 2,733,991	\$ 1,201,472

ARAPAHOE COUNTY PUBLIC AIRPORT AUTHORITY-2016
BUDGET

REVENUE			
	2014 Actual	2015 Estimate	2016 Proposed
Operating Revenue:			
Land Rent & Option Fees			
Air Methods	\$ 189,334	\$ 200,228	\$ 205,923
TAC Air	\$ 82,437	\$ 82,437	\$ 82,437
APA Centre	\$ 56,667	\$ 62,240	\$ 64,107
Arapahoe County Road & Bridge	\$ 297,239	\$ 308,180	\$ 313,651
Arapahoe AP Joint Venture #1	\$ 49,621	\$ 51,164	\$ 51,935
Denver jetCenter	\$ 461,994	\$ 461,994	\$ 461,994
South Suburban	\$ 105,131	\$ 111,532	\$ 114,879
Hotel	\$ 76,555	\$ 76,557	\$ 78,853
Sunborne	\$ 220,760	\$ 220,760	\$ 228,473
Willowbrook Association	\$ 62,963	\$ 66,561	\$ 68,638
Other	\$ 405,602	\$ 413,051	\$ 419,273
Total Land Rent & Option Fees	<u>\$ 2,008,303</u>	<u>\$ 2,054,704</u>	<u>\$ 2,090,163</u>
Building Rent			
Denver jetCenter	\$ 65,643	\$ 65,643	\$ 65,643
FAA Tower/Office	\$ 90,216	\$ 90,216	\$ 94,216
Total Building Rent	<u>\$ 155,859</u>	<u>\$ 155,859</u>	<u>\$ 159,859</u>
Aviation Fees			
Aviation Fuel Fees from FBOs	\$ 1,934,149	\$ 1,825,000	\$ 1,825,000
Colorado Fuel Tax	\$ 1,320,307	\$ 1,035,000	\$ 1,035,000
Tie Down Fees	\$ 381,766	\$ 350,000	\$ 350,000
T-Hangar Management Fees	\$ 110,679	\$ 120,000	\$ 120,000
Hangar Rental Fees	\$ -	\$ -	\$ 100,000
Total Aviation Fees	<u>\$ 3,746,901</u>	<u>\$ 3,330,000</u>	<u>\$ 3,430,000</u>
Commercial Activity Fees			
Aircraft Fees	\$ 38,537	\$ 34,000	\$ 36,000
Activity Fees	\$ 18,002	\$ 17,000	\$ 18,000
Additional Compensation	\$ 287,265	\$ 270,000	\$ 270,000
Application Fees	\$ 1,300	\$ 700	\$ 1,400
Total Commercial Activity Fees	<u>\$ 345,104</u>	<u>\$ 321,700</u>	<u>\$ 325,400</u>
Other Sources of Revenue			
Car Rental Concession Fees	\$ 87,648	\$ 80,000	\$ 80,000
Security Gate Cards	\$ 16,972	\$ 17,000	\$ 17,000
Vending Machine Concession Fees	\$ 1,258	\$ 1,200	\$ 1,500
Directory Sign Fees	\$ 4,426	\$ 4,461	\$ 4,330
Restaurant Concession Fees	\$ 151,464	\$ 140,000	\$ 140,000
Construction Fees	\$ 242,313	\$ -	\$ 90,000
Customs Fees	\$ 341,561	\$ 285,000	\$ 285,000
Other	\$ 264,360	\$ 211,526	\$ 227,210
Total Other Sources of Revenue	<u>\$ 1,110,002</u>	<u>\$ 739,187</u>	<u>\$ 845,040</u>
Total Operating Revenue	<u>\$ 7,366,169</u>	<u>\$ 6,601,450</u>	<u>\$ 6,850,462</u>

ARAPAHOE COUNTY PUBLIC AIRPORT AUTHORITY-2016
BUDGET

		REVENUE		
		2014 Actual	2015 Estimate	2016 Proposed
Other Revenue:				
Ground Lease Premium Amortization		\$ 24,630	\$ 24,628	\$ 22,578
	Total Other Revenue	\$ 24,630	\$ 24,628	\$ 22,578
Interest				
Investment Interest		\$ 102,348	\$ 70,000	\$ 70,000
Interest Other		\$ 640	\$ 2,612	\$ -
	Total Interest	\$ 102,988	\$ 72,612	\$ 70,000
Total Other Revenue		\$ 127,618	\$ 97,240	\$ 92,578
TOTAL ALL REVENUE		\$ 7,493,787	\$ 6,698,690	\$ 6,943,040

ARAPAHOE COUNTY PUBLIC AIRPORT AUTHORITY-2016
BUDGET

	EXPENSE		
	2014 Actual	2015 Estimate	2016 Proposed
Operating Expenses:			
Personnel Service			
Salaries	\$ 1,541,283	\$ 1,675,527	\$ 1,862,875
Temporary Personnel	\$ -	\$ -	\$ 6,000
Employee's Insurance	\$ 176,076	\$ 204,604	\$ 243,490
Workers' Compensation Insurance	\$ 40,119	\$ 40,250	\$ 44,709
FICA Taxes	\$ 109,935	\$ 128,178	\$ 142,510
Pension-Authority's Share	\$ 69,188	\$ 81,263	\$ 130,401
Pension Plan Administration Fee	\$ 9,543	\$ 11,000	\$ 11,000
Deferred Comp Plan	\$ 60,000	\$ 60,000	\$ 60,000
Unemployment Compensation	\$ -	\$ -	\$ -
Recruiting Expense	\$ 4,255	\$ 9,500	\$ 7,500
Total Personnel Service	<u>\$ 2,010,399</u>	<u>\$ 2,210,322</u>	<u>\$ 2,508,485</u>
Supplies Services & Maintenance			
Office Supplies	\$ 21,549	\$ 32,000	\$ 43,000
Postage	\$ 3,033	\$ 3,400	\$ 5,000
Advertising	\$ 635	\$ 600	\$ 600
Public Relations/Business Development	\$ 65,624	\$ 82,000	\$ 105,000
Dues & Publications	\$ 48,744	\$ 49,000	\$ 53,000
Printing & Copying	\$ 4,940	\$ 6,200	\$ 8,000
Copier, FAX & Postage Machine Leases	\$ 7,250	\$ 7,333	\$ 7,935
Paying Agent Fees	\$ 2,640	\$ 2,640	\$ 2,640
Insurance	\$ 102,945	\$ 126,440	\$ 131,624
Financial	\$ 40,500	\$ 31,000	\$ 48,650
Legal	\$ 44,536	\$ 67,000	\$ 70,000
Transportation, Meetings, & Seminars	\$ 235,374	\$ 111,800	\$ 140,300
Engineering & Surveying	\$ 3,325	\$ 35,000	\$ 70,000
Noise	\$ 67,267	\$ 60,800	\$ 71,000
Gas & Electricity	\$ 113,114	\$ 132,400	\$ 132,400
Telephone	\$ 56,958	\$ 66,700	\$ 75,000
Water & Sewer	\$ 199,845	\$ 203,887	\$ 212,975
Operating/Maintenance Supplies	\$ 23,303	\$ 37,680	\$ 40,900
Gasoline & Oil	\$ 59,871	\$ 56,000	\$ 56,000
Laundry	\$ 6,120	\$ 7,000	\$ 7,000
Small Tools & Minor Equipment	\$ 12,513	\$ 14,000	\$ 14,500
Customs Expense	\$ 221,572	\$ 255,000	\$ 255,000
R&M - Equipment	\$ 82,465	\$ 122,300	\$ 149,230
R&M - Buildings & Improvements	\$ 200,661	\$ 299,500	\$ 418,540
Equipment Rental	\$ 4,335	\$ 6,000	\$ 6,500
Miscellaneous	\$ 14,520	\$ 21,325	\$ 21,200
Total Supplies, Services, Maintenance	<u>\$ 1,643,639</u>	<u>\$ 1,837,005</u>	<u>\$ 2,145,994</u>
Non-Cash Operating Expense			
Depreciation	\$ 3,682,632	\$ 5,412,543	\$ 5,500,000
Total Non-Cash Operating Expense	<u>\$ 3,682,632</u>	<u>\$ 5,412,543</u>	<u>\$ 5,500,000</u>
Total Operating Expenses	<u>\$ 7,336,670</u>	<u>\$ 9,459,870</u>	<u>\$ 10,154,479</u>

ARAPAHOE COUNTY PUBLIC AIRPORT AUTHORITY-2016
BUDGET

EXPENSE

	2014 Actual	2015 Estimate	2016 Proposed
Other Expenses			
Ground Lease Payment	\$ 1,661,044	\$ 1,660,641	\$ 85,278
Loan Payment	\$ 562,452	\$ 579,326	\$ 596,705
Loan Payment	\$ 254	\$ 270	\$ 255,350
Loan Payment			\$ 427,924
Studies requested by the Authority Board	\$ -	\$ 5,000	\$ 5,000
Centennial Airport Foundation	\$ 10,117	\$ 10,000	\$ 10,000
Consulting	\$ 18,640	\$ 40,000	\$ 40,000
GA Security	\$ 467	\$ 10,000	\$ 10,000
Board Education	\$ 4,374	\$ 15,000	\$ 15,000
Interest Expense	\$ 81,916	\$ 64,704	\$ 171,134
Legislative Expense	\$ 8,700	\$ 14,000	\$ 14,000
Non-Cash Expense			
Unrealized loss on Investment	\$ 98	\$ 2,971	\$ -
Amort of Capital Lease Insurance	\$ 7,086	\$ 7,085	\$ 6,495
Amort of Capital Lease Def Outflow	\$ 431,438	\$ 431,435	\$ 395,485
Total Other Expenses	\$ 2,786,586	\$ 2,840,432	\$ 2,032,371
Total Exp. Including Non-Cash Exp.	\$ 10,123,256	\$ 12,300,302	\$ 12,186,850
Less: Non-Cash Expense	\$ 4,121,254	\$ 5,854,034	\$ 5,901,980
TOTAL ALL EXPENSES	\$ 6,002,002	\$ 6,446,268	\$ 6,284,870

ARAPAHOE COUNTY PUBLIC AIRPORT AUTHORITY-2016
BUDGET

LEASE REVENUE TEST

Based on 2015 Estimate:

Revenue Required (105% X \$2,237,421)		\$	2,349,292
Revenue		\$	6,698,690
Expense	\$		12,300,302
Less: Depreciation & Amortization	\$		5,854,034
Less: Debt Service Ground Lease	\$		1,660,641
Less: Debt Service SIB #2	\$		<u>628,826</u>
Net Expense		\$	<u>4,156,801</u>
Net Revenue			\$ <u>2,541,889</u>
Reserve (Net Revenue Over Required)			\$ <u><u>192,597</u></u>
Lease Revenue Test Ratio			<u><u>113.61%</u></u>

Based on 2016 Projection:

Revenue Required (105% X \$729,978)		\$	766,477
Revenue		\$	6,943,040
Expense	\$		12,186,850
Less: Depreciation & Amortization	\$		5,901,980
Less: Debt Service Ground Lease	\$		85,278
Less: Debt Service SIB #2	\$		<u>628,700</u>
Net Expense		\$	<u>5,570,892</u>
Net Revenue			\$ <u>1,372,148</u>
Reserve (Net Revenue Over Required)			\$ <u><u>605,671</u></u>
Lease Revenue Test Ratio			<u><u>187.97%</u></u>

ARAPAHOE COUNTY PUBLIC AIRPORT AUTHORITY-2016
BUDGET

	2015 Estimate	2016 Proposed
Capital Expenditures		
Grant Projects		
2015 Projects (Per Schedule A)	\$ 7,973,934	
2016 Projects (Per Schedule B)		\$ 11,348,457
Total Grants	\$ 7,973,934	\$ 11,348,457
Less Grants Reimbursement	\$ 7,322,608	\$ 10,783,668
TOTAL	\$ 651,326	\$ 564,789
 Non-Grant Projects		
2015 Expenditures (Per Schedule C)	\$ 806,138	
2016 Expenditures (Per Schedule D)		\$ 1,795,900
TOTAL	\$ 806,138	\$ 1,795,900
 Total Capital Expenditures Net of Grant Reimbursement	\$ 1,457,464	\$ 2,360,689
 Lease-Purchase Agreements (Per Schedule E)	\$ 1,667,225	\$ 92,212

ARAPAHOE COUNTY PUBLIC AIRPORT AUTHORITY-2016
BUDGET

Schedule B - Grants - 2015

AIP42		
Noise Monitoring System	\$	255,165
AIP 46		
Rehabilitate Runway 10/28	\$	81,742
AIP 47		
Rehabilitate Taxiway A	\$	5,867,395
AIP 48		
Update Noise Exposure Maps	\$	279,620
AIP 49		
Extend Taxiway C		1,006,168
AIP 50		
Rehabilitate Runway 17L/35R Design	\$	100,000
State Grant Rapid Intervention Vehicle/ Emergency Notification System	\$	<u>383,844</u>
TOTAL	\$	<u>7,973,934</u>

Schedule B - Grants - 2016

AIP 46		
Rehabilitate Runway 10/28	\$	20,000
AIP 47		
Rehabilitate Taxiway A	\$	125,000
AIP 48		
Update Noise Exposure Maps	\$	223,625
AIP 49		
Extend Taxiway C		2,830,832
AIP 50		
Rehabilitate Runway 17L/35R Design	\$	6,900,000
AIP 51		
Wildlife Fence	\$	750,000
State Grant Rapid Intervention Vehicle/ Emergency Notification System	\$	35,000
State Grant - Taxiway C Match	\$	214,000
State Grant - Runway 17L35R Match	\$	<u>250,000</u>
TOTAL	\$	<u>11,348,457</u>

ARAPAHOE COUNTY PUBLIC AIRPORT AUTHORITY-2016
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Schedule C - Non-Grant Projects - 2015

Snow Removal Equipment - Loader Unit	\$	225,000
Airfield Striping	\$	100,000
Security Gates and Cameras	\$	100,000
Computers and Servers	\$	70,000
Electronic Directory Sign	\$	50,000
Maintenance Truck Replacement	\$	41,621
Dove Valley Taxi Lane Rehabilitation	\$	37,400
Rehabilitate Vault Parking Lot	\$	33,879
GPS Tracking for Snow Equipment	\$	26,320
Land Development	\$	25,000
Xerox Copier/Printer	\$	23,850
Maintenance Radios Replacement	\$	16,000
Tymco Sweeper Head Replacement	\$	12,243
Runway Closure Markers Generator Replacement	\$	10,217
Mailbox Replacement	\$	5,400
Furniture	\$	5,000
Communications Equipment	\$	5,000
Vehicle Diagnostic Equipment	\$	4,695
Arapahoe Road Sign Logo Upgrade	\$	4,000
Directory Sign & Obelisk Logo Upgrades	\$	3,691
Mobile Go Pro Cameras	\$	3,000
Office Equipment	\$	2,772
Projector and Screen	\$	1,050
	\$	<u>806,138</u>

ARAPAHOE COUNTY PUBLIC AIRPORT AUTHORITY-2016
BUDGET

Schedule D - Non-Grant Projects - 2016

Building Improvements	\$	350,000
Airfield Plow Truck	\$	300,500
Loader Blower Attachment	\$	220,000
Airfield Striping	\$	150,000
Snow plow hauling truck	\$	125,000
Computers and Servers	\$	112,500
Security Gates and Cameras	\$	100,000
Runway 17L/35R LED Lights	\$	75,000
Main Parking Lot Paint and Seal	\$	50,000
Tractor	\$	50,000
Dump Truck	\$	45,000
Storm Water Improvements	\$	40,000
Runway 10/28 LED Lights	\$	35,000
East Area Drainage	\$	26,000
Street Signage and Landscaping	\$	25,000
Master Drainage Plan Update	\$	20,000
Furniture	\$	20,000
Z Mower	\$	12,000
Tool Storage	\$	11,000
Storm Water Management Plan Update	\$	10,000
Shop Washer	\$	7,000
Mailbox Replacement	\$	5,400
Aircraft Wheel Dolly	\$	4,000
Office Equipment	\$	2,500
	\$	<u>1,795,900</u>

ARAPAHOE COUNTY PUBLIC AIRPORT AUTHORITY-2016
BUDGET

Schedule E - Lease-Purchase Agreements - 2015

Lease-Purchase with Arapahoe County Involving Real Estate:	2015	\$	1,667,225
	2016	\$	92,212

RESOLUTION TO ADOPT BUDGET
No. 2015-7

A RESOLUTION SUMMARIZING EXPENDITURES AND REVENUES FOR CENTENNIAL AIRPORT AND ADOPTING A BUDGET FOR THE ARAPAHOE COUNTY PUBLIC AIRPORT AUTHORITY, COLORADO, FOR THE CALENDAR YEAR BEGINNING ON THE FIRST DAY OF JANUARY, 2016 AND ENDING ON THE LAST DAY OF DECEMBER, 2016.

WHEREAS, Roxana Hahn, Chief Financial Officer, has submitted a proposed budget to the Board of Commissioners of the Arapahoe County Public Airport Authority ("Authority") on October 8, 2015 for its consideration at the December 10, 2015 meeting and;

WHEREAS, upon due and proper notice, published or posted in accordance with the law, notifying that the proposed budget was open for inspection by the public at the Authority's office, a public hearing was held on December 10, 2015 and interested taxpayers were given the opportunity to file or register any objections to said proposed budget, and;

NOW, THEREFORE, BE IT RESOLVED BY the Board of Commissioners of the Arapahoe County Public Airport Authority, Colorado:

Section one. THAT ESTIMATED EXPENDITURES ARE AS FOLLOWS:

Expenses (Net of depreciation and amortization)	\$ 6,284,870
Hangar Purchase	\$ 6,330,000
Grant Funded Projects	\$ 11,348,457
Other Capital Expenditures	\$ 1,795,900

Section two. THAT ESTIMATED REVENUES ARE AS FOLLOWS:

Revenue and Beginning Funds Available	\$ 9,677,031
Loan	\$ 6,500,000
Grant Reimbursements	\$ 10,783,668

Section three. That the budget as submitted, amended and hereinabove summarized, hereby is approved and adopted as the budget of the Arapahoe County Public Airport Authority for the year stated above.

Section four. That the budget hereby approved and adopted shall be signed by the Chairman and Clerk and made a part of the public records of the Arapahoe County Public Airport Authority.

ADOPTED, this 10th day of December 2015.



ARAPAHOE COUNTY PUBLIC AIRPORT AUTHORITY


Robert Doubek, Chair

ATTEST:


Nancy Doty, Clerk

APPROPRIATION RESOLUTION
No. 2015-8

WHEREAS, Section 29-1-108 C.R.S. requires an appropriation resolution to be adopted by the governing body of this Authority for each ensuing fiscal year.

NOW, THEREFORE, BE IT RESOLVED, that the total sum of \$25,759,227 be appropriated for the Arapahoe County Public Airport Authority for the fiscal year 2016.

FURTHER RESOLVED, that the Chief Financial Officer is authorized and directed to file a certified copy of the budget with the Division of Local Government in the Department of Local Affairs.

DATED this 10th day of December 2015.



ARAPAHOE COUNTY PUBLIC AIRPORT AUTHORITY

By _____

Robert Doubek
Robert Doubek, Chair

ATTEST:

By _____

Nancy Doty
Nancy Doty, Clerk