

AVIATION BOARD BACKGROUND LETTER

Aviation Board Meeting Date: September 21st, 2020

To: Chair Richmond and Aviation Board Members

Cc: Tim Kabat, Mayor

From: Ian Turner, Airport Director

Subject: 20-1120 – 2021 Airport Operating Budget

Summary:

Approval of the 2021 Airport Operating Budget, as revised, provides for the operation and maintenance of the airport on an annual basis.

Previous Action:

This is an annual action.

Background:

This is the annual budget of revenues and expenditures for the Airport Operating Fund (Fund 600). This budget is based on the 2021 Airline Schedule of Fees and 2021 Airport Schedule of Fees, included earlier in the agenda. In addition, projected revenues and expenses utilizing lease rates, historical data, trends, and other pertinent information are used to develop a balanced budget in order to maintain the Airport as a self-supporting enterprise fund of the City of La Crosse. Due to the impacts of COVID-19, the three largest revenue sources of parking, car rental, and landing fees have been reduced significantly. With no reliable gauge of what to expect in 2021, this budget reflects a conservative approach on the revenue side while considering what fluctuating expenses have on the rates our tenants pay.

The overall budgeted expense amount is \$2,570,674, down \$211,180 from 2020 budgeted expenses, or 7.6%. Budgeted revenue for 2021 is \$2,044,875, down \$758,970 or 27.1% from 2020* budgeted amounts.

Contrary to past budgets, this budget proposal is not balanced and projects a loss of \$525,799. This is not normal for the airport. However, the remaining funds from the CARES Act Grant will cover this loss and insulates business partners from significant increases to rental rates that they would not be able to absorb at this time. This budget and its approach are prudent given the historic and dynamic impacts of COVID-19.

* It is important to note that 2020 budget numbers will not be realized due to the current economic situation.



Financial Implications:

Revenues are \$2,044,875 and Expenses are \$2,570,674 for a net position on the year of a negative (\$525,799). This gap in revenues and expenses will be covered by CARES Act funding.

Stakeholder Process:

The 2021 Airport Operating Budget will be placed into the 2021 City of La Crosse budget for approval by the Common Council and its applicable committees. The Budget Parameter Committee reviewed this budget on September 14th, 2020.

Staff Recommendation:

It is recommended to approve this item.

Alternatives:

This item could be:

- 1) Approved with amendments.
- 2) Denied with direction for specific changes and brought back to the Aviation Board
- 3) Referred with a request for additional information.

Attachments:

2021 Airport Operating Budget – Revised 09-14-2020

