



## Airport authority board adopts 2011 budget

INDIANAPOLIS—The Indianapolis Airport Authority (IAA) held a final hearing today on an ordinance to approve their airport system's 2011 budget as recommended by its Finance & Audit Committee. No public comment was offered during the hearing, after which the authority's board unanimously passed the ordinance.

The airport authority's budget will now move on to the City-County Council as its Municipal Corporations Committee begins work to review and pass all budgets by October 25.

IAA's 2011 airport system fund is based on a number of key assumptions, expectations, estimates, and projections about overall revenue and operating expenses.

### AIRLINE REVENUE

- IAA's strategic goals include stimulating airline traffic and growth and remaining cost competitive through low airline charges. Passenger growth is estimated to increase by 2.2 percent in 2011.
- ***There will be no increase in signatory landing fee rates charged to airlines for operating at Indianapolis International, a trend that has been maintained since 2007.***
- The rates remain \$1.95 per 1000 lbs. of landed weight for signatory airlines. The rates charged for leased space in the terminal have held steady since 2009 at \$95 per square foot. Rates for apron parking are decreasing in 2011 from \$2.62 to \$1.86 per square foot.

### NON-AIRLINE REVENUE

- ***No public parking rate increases are planned in 2011***, although parking revenues are expected to increase by 2.9 percent due to passenger growth.
- Also driven by passenger growth, retail revenues are expected to increase by 2.1 percent.
- An increase in revenue from leased property is attributable to increased leased space for Delta's SkyClub, cell phone towers, new tenants, and lease renegotiations.
- Revenue from IAA's general aviation facilities is projected to increase by 6 percent from increased hangar occupancies.
- The Indianapolis Maintenance Center (IMC) will generate a revenue increase of 9 percent in 2011, as nine of its ten bays are anticipated to be occupied and leased for one full year.

## OPERATIONAL EXPENSES

- *An average wage increase of 3 percent for IAA personnel is assumed.* Two (2) full-time employees through new hires in information technology. Existing but vacant positions will be filled in human resources and air service.
- The budget also assumes the reinstatement of retirement contributions in 2011. The contributions will take the form of a 3 percent employer match of employee elective deferrals.
- A moderate 8 percent increase in group medical health insurance costs is also anticipated from 2010 premiums.

## CONTRACTUAL SERVICES

- Technology services for hardware and software is expected to increase by 55 percent to \$609,000 as existing warranties expire.
- Utility rate increases for electricity, gas, water, and sewage treatment are assumed based on input by those service providers.
- A Habitat Conservation Plan (HCP) capital project is expected to be substantially complete before the end of 2010. The annual operating expenses of \$255,000 to comply with U.S. Fish & Wildlife permit requirements for the endangered Indiana bat are expected in 2011.
- *The above increases, however, are offset by a real savings of \$967,000 achieved by renegotiating contracted services provided by Siemens for IND's baggage system.*

## MISCELLANEOUS EXPENSES

- Expenses for fuel and parts for an aging vehicle and equipment fleet are expected. Nine vehicles are anticipated to be replaced during 2011.
- General auto/property liability insurance costs are projected to increase by 1.5 percent, although the amount will be offset by reductions in uninsured loss, subscriptions and dues, and equipment rentals.

## DEBT INTEREST EXPENSES

- A decrease of interest payments in 2011 is expected to be driven by lower principal balances and continued performance of synthetically fixed variable rate debt.

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