



STAFF REPORT

DATE: August 07, 2018
TO: Ronald L. Olson, City Manager
FROM: Jonathan Locke, Executive Director of Finance
SUBJECT: Aviation Budget Amendment

BACKGROUND AND FINDINGS:

Each fiscal year the City of Killeen is eligible to apply for Federal Aviation Administration Airport Improvement Program grant funds for qualifying capital improvement projects at the Killeen-Fort Hood Regional Airport.

The City has been offered an Airport Improvement Program grant to be used for procurement and installation of four passenger bridges and improvements to the terminal building at the Killeen-Fort Hood Regional Airport. The total cost of the project is estimated to be \$5,542,861. The cost of the project includes \$5,532,861 for the agreement with the contractor that will perform the improvements and \$10,000 in administrative expenses. The Airport Improvement Program grant will cover 90% or \$4,988,575 of the project cost, and the remaining 10% or \$554,286 will be covered by the Passenger Facility Charge (PFC) Fund.

A budget amendment is necessary to recognize the grant revenue and establish a budget for the project.

THE ALTERNATIVES CONSIDERED:

- (1) Acceptance of the grant requires a budget amendment.
- (2) Reject the grant and search for an alternative funding source.
- (3) Do not do the project.

Which alternative is recommended? Why?

Alternative #1 is recommended as the course of action. The project is funded 90% by the grant and 10% by the Passenger Facility Charge program. The Killeen-Fort Hood Regional Airport operational fund will not cover any portion of the project's cost.

CONFORMITY TO CITY POLICY:

The City's Financial Governance Policies, Section V. Budget Administration (B)(1) states that City Council may amend or change the budget by ordinance.

FINANCIAL IMPACT:

A budget amendment is required if City Council accepts the Airport Improvement Program grant award. The budget amendment will make the following changes:

Revenues:

Increase revenues in account 524-0000-382.05-02 (AIP Grant) by \$4,988,575 to recognize the grant proceeds, and

Increase revenues in account 524-0000-371.95-29 (Transfer from PFC Fund) by \$554,286 to recognize the transfer-in from the Passenger Facility Charge Fund to cover the 10% match.

Expenses:

Increase expenses in account 524-0515-521.69-03 (CIP Projects) by \$5,542,861 to establish the budget for the project's expenses.

Increase expenses in account 529-0510-521.95-24 (Transfer to AIP Fund) by \$554,286 to transfer the 10% match to the Airport Improvement Program Fund.

What is the amount of the expenditure in the current fiscal year? For future years?

The project is estimated to begin in FY 2018 and be completed in FY 2019. The total cost of the project over the two fiscal years is \$5,542,861.

Is this a one-time or recurring expenditure?

This is a one-time expenditure.

Is this expenditure budgeted?

A budget amendment is required.

If not, where will the money come from?

Funding will come from the Airport Improvement Program grant (90%) and the Passenger Facility Charge Fund (10%). There is no impact to the Killeen-Fort Hood Regional Airport operating fund.

Is there a sufficient amount in the budgeted line-item for this expenditure?

Upon approval of the budget amendment.

RECOMMENDATION:

Staff recommends City Council approve the ordinance amending the FY 2018 Annual Budget and Plan of Municipal Services.

DEPARTMENTAL CLEARANCES:

Aviation
Finance
Legal

ATTACHED SUPPORTING DOCUMENTS:

Ordinance