



# City of Pensacola

222 West Main Street  
Pensacola, FL 32502

## Memorandum

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**File #:** 2020-15

City Council

6/11/2020

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### **LEGISLATIVE ACTION ITEM**

**SPONSOR:** Grover C. Robinson, IV, Mayor

**SUBJECT:**

SUPPLEMENT BUDGET RESOLUTION NO. 2020-15 - PENSACOLA INTERNATIONAL AIRPORT - CARES ACT GRANT NO. 3-12-0063-045-2020

**RECOMMENDATION:**

That City Council approve Supplemental Budget Resolution No. 2020-15.

A RESOLUTION AUTHORIZING AND MAKING REVISIONS AND APPROPRIATIONS FOR FISCAL YEAR ENDING SEPTEMBER 30, 2020; PROVIDING FOR AN EFFECTIVE DATE

**HEARING REQUIRED:** No Hearing Required

**SUMMARY:**

The operation of the Pensacola International Airport is funded through the fees assessed to the various users of the facility. The airlines, rental car concessionaires, terminal concessionaires, airfield tenants, and other tenants all remit payments designed to offset the overall facility's ongoing maintenance and operating expenses.

The bulk of the annual revenue is generated through the passenger activity occurring at the main terminal building. Parking, rental car activity, food and beverage, news and gifts, and other terminal non-airline tenants make up approximately 88% of all non-airline revenue. The airlines themselves, through their agreements, allow the Airport to maintain full financial self-sufficiency.

The COVID-19 health emergency has significantly impacted air transportation worldwide. At Pensacola International Airport, passenger traffic for the month of April was down over 93% from last year. Year-to date, passenger activity is down over 18%. With reduced passenger activity, significantly less revenue is being generated. To account for reduced revenue projections, Pensacola International Airport has instituted cost reduction efforts in both the current fiscal year, FY'20, and next fiscal year, FY'21. Projects are being delayed, and certain services are being reduced.

The Federal Government, under the CARES Act, has provided economic support to all U.S. airports. Each airport has been allocated funding to help offset the decline in revenues as a result of the

diminished activity from COVID-19. This funding may be used over a period of four (4) years for any lawful airport purpose and is designed to maintain safe and efficient airport operations. Funds are provided on a reimbursable basis. As airports incur and pay for expenses, they can request reimbursement under their individual grant.

The Pensacola International Airport has been awarded up to \$11,081,566 under the CARES Act. In the absence of these funds, the Airport would be required to adjust the fees charged to the airlines significantly. CARES Act funds will be used in FY'20, FY'21, and possibly FY'22 to assist in reimbursing maintenance and operating expenses, which will aid in keeping the fees charged to the airlines at reasonable levels.

**PRIOR ACTION:**

5/28/20 - City Council approved and authorized the Mayor to execute the acceptance of the CARES Act Grant 3-12-0063-045-2020 in the amount of \$11,081,566.

**FUNDING:**

N/A

**FINANCIAL IMPACT:**

Adoption of the Supplemental Budget Resolution will provide additional funding in the amount of \$11,081,566 to assist in reimbursing maintenance and operating expenses.

**CITY ATTORNEY REVIEW:** Yes

5/29/2020

**STAFF CONTACT:**

Keith Wilkins, City Administrator  
Richard Barker, Jr., Deputy City Administrator - Administration and Finance  
Daniel Flynn, Airport Director

**ATTACHMENTS:**

- 1) Supplemental Budget Resolution No. 2020-15
- 2) Supplemental Budget Explanation No. 2020-15

**PRESENTATION:** No