



City of Pensacola

222 West Main Street
Pensacola, FL 32502

Memorandum

File #: 2021-18

City Council

4/22/2021

LEGISLATIVE ACTION ITEM

SPONSOR: Grover C. Robinson, IV, Mayor

SUBJECT:

SUPPLEMENTAL BUDGET RESOLUTION NO. 2021-18 - PENSACOLA INTERNATIONAL AIRPORT - AIRPORT CORONAVIRUS RELIEF GRANT OFFER, GRANT NO. 3-12-0063-047-2021

RECOMMENDATION:

That City Council approve Supplemental Budget Resolution No. 2021-18.

A RESOLUTION AUTHORIZING AND MAKING REVISIONS AND APPROPRIATIONS FOR FISCAL YEAR ENDING SEPTEMBER 30, 2021; 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 eighty-eight percent 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 March 2021 was down over 19.4% from 2019. Year-to date, passenger activity is down over 40.51%. To account for reduced revenue projections, Pensacola International Airport instituted cost reduction efforts in fiscal years FY20 - FY21. Projects were being delayed, and certain services were reduced.

The Federal Government, under ACRGP, 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 costs related to

operations, personnel, cleaning, sanitization, janitorial services, combating the spread of pathogens at the Airport, and debt service payments. 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 \$4,502,199 under ACRGP. In the absence of these funds, the Airport would be required to significantly adjust the fees charged to the airlines. ACRGP funds will be used in FY21, FY22, and possibly FY23 to provide assistance 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 appropriate the grant funds. Funds will be provided from the FAA on a reimbursable basis for maintenance and operating expenses that have been incurred and paid for by the Pensacola International Airport and will allow the Airport to maintain a competitive level of rates charged to the airlines.

CITY ATTORNEY REVIEW: Yes

4/1/2021

STAFF CONTACT:

Keith Wilkins, City Administrator
Richard Barker, Jr., Deputy City Administrator - Administration and Finance
Matthew F. Coughlin, Airport Director

ATTACHMENTS:

- 1) Supplemental Budget Resolution No. 2021-18
- 2) Supplemental Budget Explanation No. 2021-18

PRESENTATION: No