



City of Prince Albert

RPT 2025-60

TITLE: 2025 Airport Fund Operating and Capital Budget

DATE: January 20, 2025

TO: Special City Council

PUBLIC: X

INCAMERA:

RECOMMENDATIONS:

1. That the 2025 Airport Fund Capital expenditures of \$539,375, funded from the Passenger Facility Fee Reserve and Airport Capital Assistance Program, be approved;

2. That the 2025 Airport Fund Operating and Capital Budget be approved as follows:

2025 Airport Fund Budget

Operating Revenue	(\$1,024,710)
Operating Expenses	\$1,244,461
Operating Deficit	\$219,751

Allocations:

Airport Maintenance Reserve	(\$20,000)
Transfer to Passenger Facility Fee	\$290,000
Transfer from Other Funds	(\$489,751)
Total Allocations	(\$219,751)

Balanced Budget	\$0
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3. That the motions from the 2025 Airport Fund Budget Committee deliberations be ratified and that Administration proceed as authorized; and,

4. That the 2025 Airport Fund Budgeted expenditures be approved for disbursement effective January 1, 2025.

EXECUTIVE SUMMARY:

The City of Prince Albert's Budget Committee concluded deliberations on January 22, 2025 for the Utility, Sanitation, Airport and Land Fund Budgets, underscoring Council's commitment to supporting its growing population and addressing the rising costs of goods and services. This report is forwarding the 2025 Airport Fund Operating and Capital Budget to City Council for final approval along with the resolutions of the Budget Committee for a balanced budget.

BACKGROUND:

The City of Prince Albert received ownership of the Airport in 1996 and since that time, has attempted to operate the facility as a self-funding entity. In 2006, City Council authorized a transfer of 30 percent of the total cost of the airport operation to be funded from the City's General Fund, and in 2021 implemented the Passenger Facility Fee (PFF) as a means to fund capital Airport improvements.

The Prince Albert Airport is located 6 kilometers East of Prince Albert on Highway 55 North. The Airport provides 1,524 meters of lighted runway with an asphalt surface and electronic navigational aids for ILS approach.

The operations of the Airport are costed into four main areas including:

- Airside Maintenance which includes the regular maintenance work at the Airport, and is further separated into snow clearing and grass cutting functions,
- Airport Administration which includes the costs associated with the oversight of the Airport,
- Terminal Building Maintenance which includes costs specifically associated with the terminal building itself, and
- Other Building Maintenance which includes the costs associated with the maintenance garage, storage building, and pilot shack.

On January 22, 2025 the Budget Committee considered the 2025 Airport Fund Operating and Capital Budgets and recommended that the 2025 Airport Fund Operating and Capital Budget, along with the Resolutions of the Budget Committee, be forwarded to City Council for final approval.

PROPOSED APPROACH AND RATIONALE:

The Director of Finance presented the budget package to the Budget Committee that included a new format of Questica OpenBooks that provided budgeted 2025 revenues and expenditures along with the changes relative to the previous years approved budget. For 2025, there are budgetary adjustments to the revenues and expenditures which are summarized in the final budget which is attached.

2025 Budgeted Revenue

Budgeted revenues have decreased \$19,450 from \$1,044,160 in 2024 to \$1,024,710 in 2025.

2025 Budgeted Expenses

Budgeted expenses have increased by \$59,892 from \$1,184,569 in 2024 to \$1,244,461 in 2025.

2025 Capital Budget

Administration is requesting \$539,375 in capital spending at the Airport for 2025 as follows:

- Replacement of Case Loader - \$489,375 to be funded externally by Airport Capital Assistance Program.
- Safety and Customer Service Requirements - \$50,000 to be funded from the Passenger Facility Fee Reserve.

CONSULTATIONS:

A media release notified the public that the Budget Committee meetings for the 2025 Water Utility, Sanitation, Airport, and Land Fund Budgets was scheduled for January 22, 2025.

In addition, the budget submissions to the Budget Committee were available on the City's website for the public's review.

COMMUNICATION AND/OR ANNOUNCEMENT PLAN:

Once the 2025 Airport Fund Budget is approved by Council it will be posted on the City of Prince Albert website.

BUDGET/FINANCIAL IMPLICATIONS:

The City creates a balanced budget, which means that non-income statement related items such as capital expenditures and reserve transactions (which sit on the balance sheet) are budgeted for in the year they occur:

- Accounting treatment for capital items has them being capitalized on the balance sheet to demonstrate the City possessing a future economic benefit from that item. Annually, to demonstrate the usage of that capital item, amortization is expensed on the income statement. Once that capital asset is at the end of its useful life, it will have been fully expensed through amortization on the income statement, and will no longer have a value on the balance sheet.
 - The City is required to budget for the entire capital outlay of an asset in the year it is acquired, instead of budgeting for the annual amortization. This results in a capital budget item for 100% of the capital cost, and no budget for amortization.

- Reserves represent equity which is a balance sheet item. They are amounts that have been set aside for a future purpose. The Airport Fund has the Passenger Facility Fee Reserve and the Airport Maintenance Reserve.

Interfund transfers are transactions that happen between the different funds the City controls.

- The transfer to the Airport Fund from the General Fund was established in 2006 and has historically been based on 30% of the cost of the Airport. However, since the COVID-19 pandemic, the airport has seen a decrease in revenue and has been operating in a deficit position, even with the 30% transfer. This has resulted in the Airport Improvement Fund covering the deficit. In 2025, it is projected that the Airport Improvement Fund will have insufficient funds to cover the anticipated 2025 loss, therefore an additional \$104,874 compared to 2024 is being recommended to transfer from the General Fund to cover the Airport's anticipated 2025 deficit.
- Within interfund transfers is also a transfer from the Utility Fund to the Airport Fund. The Airport Fund houses a budget for water and sewer services in order to understand the true cost of running the facility. However, the aim is to not charge, therefore an interfund transfer comes back from the Utility Fund to offset those budgets.

A summary of the 2025 Airport Fund Budget is as follows:

<u>2025 Airport Fund Budget</u>	
Operating Revenue	(\$1,024,710)
Operating Expenses	\$1,244,461
Operating Deficit	\$219,751
<u>Allocations:</u>	
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Total Allocations	(\$219,751)
Balanced Budget	\$0

A summary of the 2025 Budget's impact on the Airport Improvement Fund Balance is as follows:

- The Airport Maintenance Reserve is showing a net transfer of \$20,000 in 2025 to fund airfield line markings and repainting.
- The transfer to the Passenger Facility Fee Reserve of \$290,000 directly relates to the budget for Passenger Facility Fees - this means that revenue is not available for the operating budget.

- Interfund Transfer from Utility Fund in the amount of \$3,727.
- Total Transfer from General Fund of \$486,024 to balance the 2025 Airport Fund Budget.

OTHER CONSIDERATIONS/IMPLICATIONS:

There are no policy, privacy, legal, safety or environmental implications.

OPTIONS TO RECOMMENDATION:

There are no options to the recommendation.

STRATEGIC PLAN:

This budget supports the strategic priority of Building a Robust Economy by creating an equitable taxation structure that promotes community growth, developing and maintaining new and existing amenities and infrastructure, and promoting positive economic development outcomes so new residents will be attracted to Prince Albert.

OFFICIAL COMMUNITY PLAN:

Section 14 of the OCP highlights financial Goals and Policies aimed to “maintain effective management, efficiencies and accountability of the City’s fiscal budgets and operations”.

PUBLIC NOTICE:

Public Notice pursuant to the Public Notice Bylaw No. 24 of 2015 is not required.

ATTACHMENTS:

1. 2025 Airport Fund Operating and Capital Budget – Final for Council Approval.
2. January 22, 2025 Budget Committee Minutes (Unofficial).

Written by: Melodie Boulet, Finance Manager

Approved by: Acting Senior Accounting Manager, Director of Financial Services and City Manager