



# COUNCIL STAFF REPORT

CITY COUNCIL of SALT LAKE CITY

**TO:** City Council Members

**FROM:** Nick Tarbet, Policy Analyst

**DATE:** April 15, 2025

**RE:** Fiscal Year 2025-26 Budget, Department of Airports

Item Schedule:

Briefing: April 15, 2025

Public Hearing 1: May 20, 2025

Public Hearing 2: June 3, 2025

Potential Action: June 10, 2025

## ISSUE AT-A-GLANCE

Salt Lake City Corporation operates the Department of Airports as an enterprise fund. Airline passenger and other concessions-related revenues fund department operations. The airport also receives funding through federal grant programs like the Airport Improvement Program (AIP) via the federal government's Federal Aviation Administration (FAA). In this way, the airport does not rely on city tax dollars for its expenses, like operations and capital.

According to the Transmittal Letter (page 4), operating revenues will increase by \$88.1 million to \$559.6 million primarily due to terminal rents increasing by \$39.1 million. This increase is related to the new airline use agreement, portions of Concourse B and the central tunnel coming online. Enplanements generate an additional \$11 million in non-airline revenue through parking, rental cars, food and beverage, and retail. The American Express airport lounge will open in October 2025 and is anticipated to bring in over \$5 million in non-airline revenue.

Operating expenses will increase by \$23.6 million to \$242.4 million. Employee-related increases include salary and health care increases, increased expenses for professional services, consisting of janitorial, window cleaning, baggage handling, networking contracts, and other contracts and increases.

### Revenues and Other Sources of Funds

	Amended Budget FY 2025	Forecast FY 2025	<b>Proposed FY 2026</b>
Operating Revenues	\$471,440,600	\$488,356,300	<b>\$559,598,000</b>
Grants and Reimbursements	\$97,515,600	\$56,106,000	<b>\$6,387,500</b>
Customer Facility Charges	\$248,000	-	<b>\$8,013,000</b>
Interest Income	\$16,099,700	\$43,539,000	<b>\$32,600,000</b>
Airport Improvement Fund	(\$8,908,800)	(\$72,323,300)	<b>(\$129,644,000)</b>
Total	\$576,395,100	\$515,678,000	<b>\$476,954,500</b>

### Expenses and Other Uses of Funds

	Amended Budget FY 2025	Forecast FY 2025	<b>Proposed FY 2026</b>
Operating Expenses	\$218,806,300	\$209,056,500	<b>\$242,379,300</b>
Interest Expense	\$167,123,000	\$167,123,000	<b>\$169,834,000</b>
Bond Issuance Costs	\$2,800,000	\$138,000	<b>\$2,800,000</b>
Passenger Incentive Rebate	\$20,187,800	\$19,274,900	<b>\$19,576,600</b>
Capital Equipment	\$19,000,600	\$19,000,600	<b>\$12,062,100</b>
Capital Improvements	\$148,477,400	\$101,085,000	<b>\$30,302,500</b>
Total	\$576,395,100	\$515,678,000	<b>\$476,954,500</b>

### KEY ELEMENTS

- Employee additions and costs –
  - 10 new full-time employees (FTEs) are requested
  - Operating revenues are increasing by 18.6%, and operating expenses are increasing by 10.7% over the FY25 budget.
  - The budget proposes significant increases to operating and maintenance expenses due to a new Airline and Use Agreement and the removal of COVID-19 relief grants.
  - Many of the increases in operating expenses are directly related to staffing for new facilities, higher wages for both airport and contract employees, and increases in operating supplies & vendor contracts to operate the new facilities.
  
- Capital Equipment – pages 21-22 outline capital equipment expenditures
  - Two Electric shuttle buses: \$2,400,000

- Snowblower - \$925,000
- SGRS equipment upgrade: \$1,412,200
  - Provides airfield lighting
- Capital Improvement Program Highlights – pages 23- 42 of the transmittal outline the capital improvement project for the FY 26 budget. Some of the notable projects include:
  - South Valley Regional Airport
    - Control Tower NEPA & Siting Study: \$1,000,000
    - Dual Taxiways: \$5,443,000
  - Parking Improvements
    - Economy Lot Pavement Reconstruction (Design): \$374,000
    - Economy Lot Pavement Rehabilitation: \$1,578,000
    - Economy Parking Lot EVCS: \$1,062,500
    - Electric Vehicle Charging Infrastructure - Phase V (FY26): \$1,176,000
  - Airfield
    - Taxiways A&B Modifications (Design): \$3,006,000
  - Miscellaneous
    - Rental Car Overflow Storage Lot Improvements: \$1,199,000
    - Rental Car Quick Turn Around Equipment Replacement: \$3,208,00
    - 2300 West Realignment (facilitates future expansion for corporate hangars): \$2,196,000
    - Terminal Drive Resurfacing: \$2,606,000
- Estimated Grant Income - The coming year budget anticipates \$6,387,500 in grants, down significantly from the previous year's \$56,106,000, approximately 88%.

## **POLICY QUESTIONS**

- With the opening of the central tunnel, would the Council like to request an update on how that has improved accessibility and travel times within the Airport?
- During the Title 16 discussions, Council Members expressed the desire to receive future briefings about how the Airport is meeting ADA standards.
  - Is the Council interested in requesting an update at this time?
- Would Council Members like more discussions about coordination efforts with the Airport and UTA on collaboration opportunities pertaining to policies such as:
  - Expansion of on-demand UTA transit service in the western part of the city.
  - Greater coordination to produce a more user-friendly transit experience at the Airport that could lead to increased ridership.
- With the significant decrease in grant revenues for the year, the Council may wish to ask if there are other grants available which the Airport is pursuing.

## **ADDITIONAL BACKGROUND INFORMATION**

1. The Department of Airports is made up of eight divisions:
  - Planning & Sustainability
  - Commercial & Real Estate
  - Information Technology
  - Finance
  - Maintenance
  - Design & Construction Management
  - Communications & Marketing,
  - Operations
2. The Department plans to request the issuance of bonds this calendar year to support ongoing concourse expansions and Airport development. The Council is tentatively slated to discuss the new issuance in more detail with the Airport in mid-May 2025 and potentially adopt a resolution by July 8, 2025.
3. During the previous budget cycles, the Council and Airport staff discussed updates to Title 16 Airports of the city code to ensure airport operations are consistent with Federal Aviation Administration regulations and to clarify legislative, administrative, and federal decision-making roles involving the airport.

In November of 2024, the Council adopted the ordinance updating Title 16, strengthening the City Council's policy and budgetary role, eliminating duplicate and outdated regulations, and codifying commercial standards to standalone administrative documents for airport operators.

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