

Spaceport America

Financial Metrics

FY16-FY18



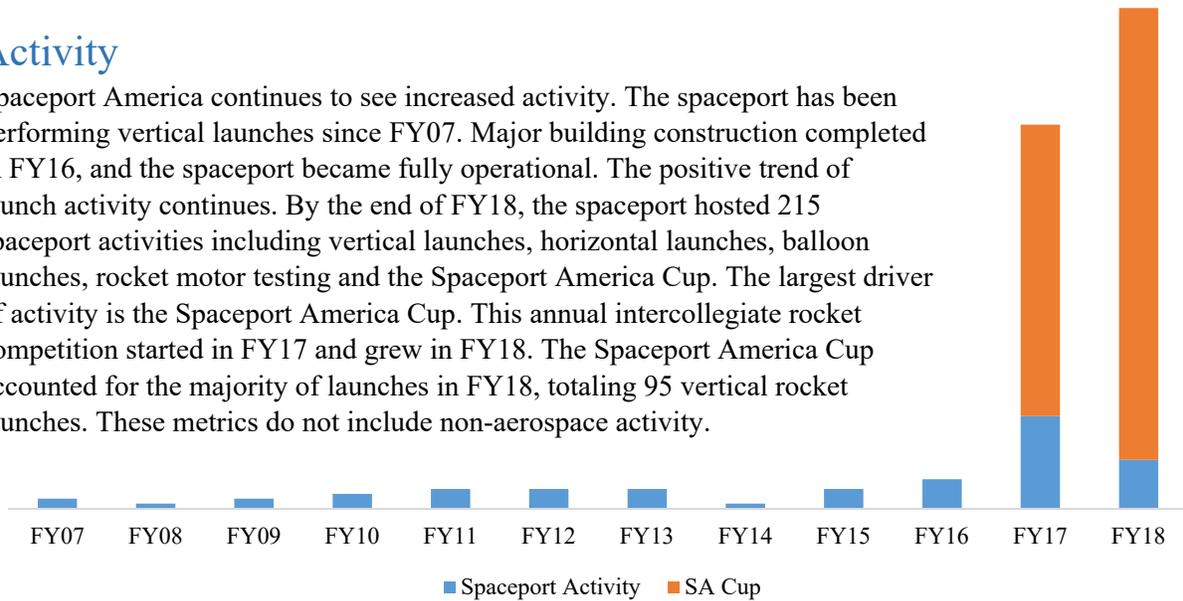
Report date: November 15, 2018

Background

Spaceport America is the world’s first purpose built commercial spaceport. The organization uses a metrics-based approach to ensure continued performance towards the goal of economic development in New Mexico. This document contains metrics related to the Operating Fund, not including ongoing Capital Projects.

Activity

Spaceport America continues to see increased activity. The spaceport has been performing vertical launches since FY07. Major building construction completed in FY16, and the spaceport became fully operational. The positive trend of launch activity continues. By the end of FY18, the spaceport hosted 215 spaceport activities including vertical launches, horizontal launches, balloon launches, rocket motor testing and the Spaceport America Cup. The largest driver of activity is the Spaceport America Cup. This annual intercollegiate rocket competition started in FY17 and grew in FY18. The Spaceport America Cup accounted for the majority of launches in FY18, totaling 95 vertical rocket launches. These metrics do not include non-aerospace activity.



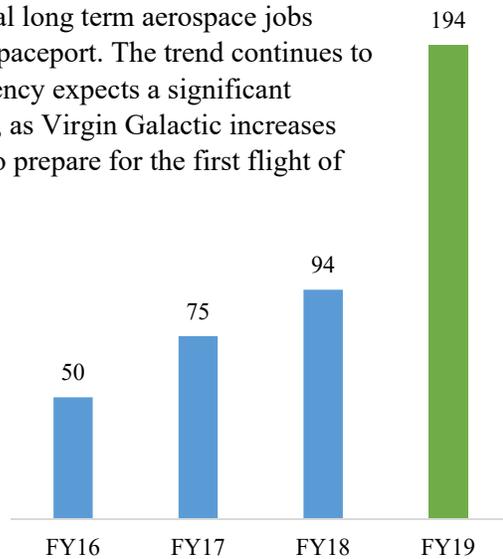
Spaceport America Aerospace Activity by Fiscal Year

Aerospace jobs grew by 25% in FY18.

Jobs

Spaceport America’s mission is to create jobs and economic development in New Mexico. The agency tracks total long term aerospace jobs operating at the spaceport. The trend continues to grow, and the agency expects a significant increase in FY19, as Virgin Galactic increases their workforce to prepare for the first flight of SpaceShipTwo.

	<u>FY16</u>	<u>FY17</u>	<u>FY18</u>	<u>FY19*</u>
Total Jobs	50	75	94	194
Spaceport America	18	18	16	26
Virgin Galactic	15	25	43	128
Contractors	20	32	35	40

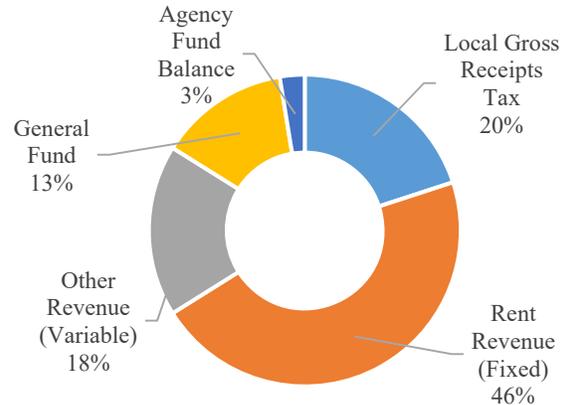


Total Full-time Aerospace Jobs by Fiscal Year

*FY19 is a projection

Funding Sources

Spaceport America operates with a mix of funding sources, including NM General Fund, Local Gross Receipts Taxes in Sierra and Dona Ana Counties, and customer revenue. Total funding sources for FY18 total \$5,092,362, of which 64% is from customer revenues. Customer revenue can be divided into fixed monthly revenue streams from rental payments (46%) and variable revenue streams like user fees from aerospace activity (18%). Only 13% of funds came from the NM General Fund.



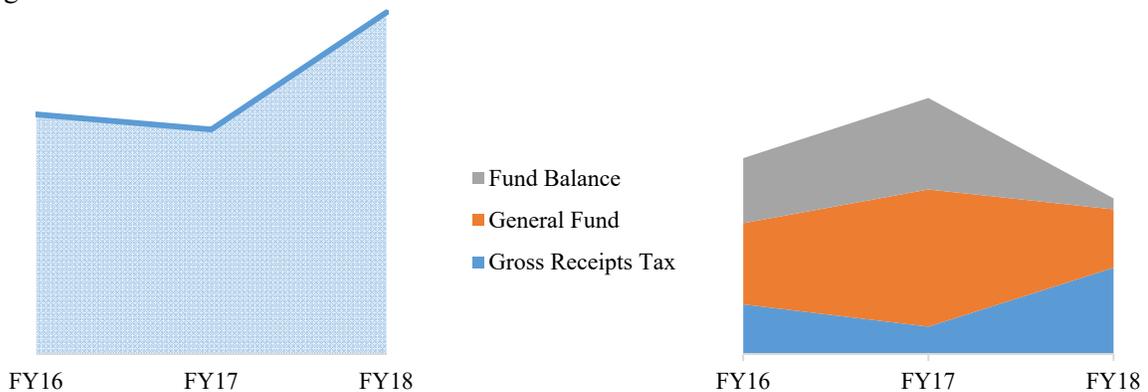
FY18 Funding Sources

Customer Revenue can also be divided between aerospace (\$3,026,954, 93%) and non-aerospace activities (\$227,789, 7%).

Customer Revenues grew by 52% in FY18.

Customer Revenue grew 52% in FY18. This growth was primarily driven by increased rent payments from Virgin Galactic, which tripled in January 2018. Other customer increases in aerospace activity at the spaceport also contributed to revenue growth.

Government funding is generated by Local Gross Receipts Tax, Appropriations from the General Fund, as well as the Agency’s non-reverting Fund Balance. Fund Balance has been largely spent down in FY16-FY17, and provided minimal funding in FY18. Local Gross Receipts Taxes grew to be a larger portion of funding in FY18.



<u>Year</u>	<u>Revenue</u>
FY16	2,270,210
FY17	2,127,572
FY18	3,238,142

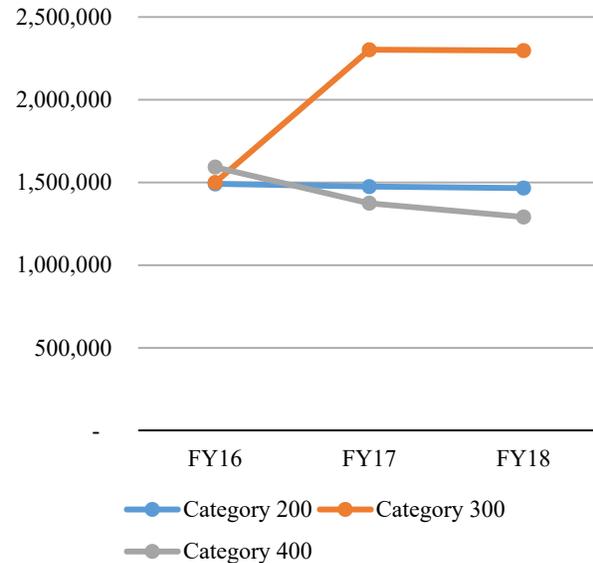
Customer Revenue by Fiscal Year

<u>Year</u>	<u>Sources</u>
FY16	2,313,459
FY17	3,022,980
FY18	1,837,619

Government Sources by Fiscal Year

Expenditures

Despite increasing operations, agency expenditures continue to remain relatively flat. Category 200 Expenditures contain Employee Salaries and Benefits. The agency had 20 available employee slots in FY16-FY18 with filled positions ranging from 14 to 18 slots. Category 300 Expenditures contain Service Contracts. This category is primarily the Protective Services contract which performs Fire, Medical, and Security services at Spaceport America. This expenditure increased between FY16 and FY17, because the full operational expenditure started mid-year FY16. Category 400 Expenditures contain Other Purchases which has decreased slightly due to temporary cost cutting initiatives. Total FY18 Expenditures were \$5,092,362.



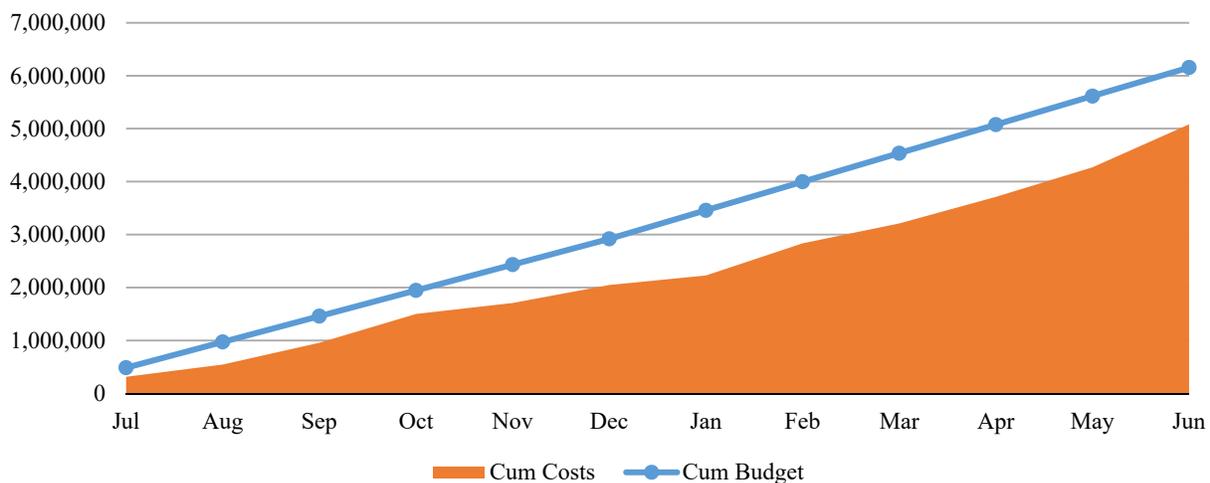
Expenditures by Budget Category

Budget

The Agency ended FY18 \$1,063,138 under budget. Funding sources were lower than expected. The NM Finance Authority diverted into a sinking redemption fund 565k (9% of the annual operating budget) in Local Gross Receipts Tax Revenue. To compensate for the funding shortfall, management cut costs. Agency contraction reduced business development activities and lowered aerospace activity at Spaceport America. Customer revenues were lower than expected.

*The Agency ended
FY18 **\$1M** under
budget.*

Management reduced expenditures to match available cash. Cost savings came from deferring maintenance and not filling employee vacancies. Both these cost savings actions will impact costs in future fiscal years. Normal spaceport operations will require expenditures at higher levels.



FY18 Cumulative Expenditures vs. Budget