

Revised 05/09/2024

Board Members

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James Sly (Vice-Chair)
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Steve Vaus
Marni von Wilpert

Special Board Meeting Agenda

Thursday, May 16, 2024
9:00 A.M.

Ex-Officio Board Members

Col. Thomas M. Bedell
Michele Perrault
Everett Townsend

San Diego County Regional Airport Authority
Administration Building
First Floor – Board Room
2417 McCain Road
San Diego, California 92101

President/CEO

Kimberly J. Becker

This Agenda contains a brief general description of each item to be considered. The indication of a recommended action does not indicate what action (if any) may be taken. **Please note that agenda items may be taken out of order.** If comments are made to the Board without prior notice or are not listed on the Agenda, no specific answers or responses should be expected at this meeting pursuant to State law.

Staff Reports and documentation relating to each item of business on the Agenda are on file in Board Services and are available for public inspection.

NOTE: Pursuant to Authority Code Section 2.15, all Lobbyists shall register as an Authority Lobbyist with the Authority Clerk within ten (10) days of qualifying as a lobbyist. A qualifying lobbyist is any individual who receives \$100 or more in any calendar month to lobby any Board Member or employee of the Authority for the purpose of influencing any action of the Authority. To obtain Lobbyist Registration Statement Forms, contact the Board Services/Authority Clerk Department.

PLEASE COMPLETE A SPEAKER SLIP PRIOR TO THE COMMENCEMENT OF THE MEETING AND SUBMIT IT TO THE AUTHORITY CLERK. **PLEASE REVIEW THE POLICY FOR PUBLIC PARTICIPATION IN BOARD AND BOARD COMMITTEE MEETINGS (PUBLIC COMMENT) LOCATED AT THE END OF THE AGENDA.**

The Authority has identified a local company to provide oral interpreter and translation services for public meetings. If you require oral interpreter or translation services, please telephone the Board Services /Authority Clerk Department with your request at (619) 400-2400 at least three (3) working days prior to the meeting.

Special Board Meeting Agenda

Thursday, May 16, 2024

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CALL TO ORDER:

PLEDGE OF ALLEGIANCE:

ROLL CALL:

BUDGET WORKSHOP:

- 1. DISCUSSION REGARDING THE SAN DIEGO COUNTY REGIONAL AIRPORT AUTHORITY FISCAL YEAR 2025 PROPOSED BUDGET AND FISCAL YEAR 2026 PROPOSED CONCEPTUAL BUDGET:**
RECOMMENDATION: Discuss the Fiscal Year 2025 Proposed Budget and Fiscal Year 2026 Proposed Conceptual Budget.
(Finance & Risk Management: John Dillon, Director; Maya Dayan, Director, Capital Financial Planning and Airline Relations)

CLOSED SESSION:

- 2. CONFERENCE WITH LEGAL COUNSEL - EXISTING LITIGATION:**
Paragraph (1) of subdivision (d) of Cal. Gov. Code §54956.9
Name of Case: *San Diego County Regional Airport Authority v. AQ US SW Holding Co., et al.*, San Diego Superior Court Case No. 37-2023-00032124-CU-BC-CTL

REPORT ON CLOSED SESSION:

GENERAL COUNSEL REPORT:

BOARD COMMENT:

ADJOURNMENT:

Thursday, May 16, 2024

Policy for Public Participation in Board, Airport Land Use Commission (ALUC), and Committee Meetings (Public Comment)

- 1) Persons wishing to address the Board, ALUC, and Committees shall submit a speaker slip to the Clerk prior to the initiation of the portion of the agenda containing the item to be addressed (e.g., Public Comment and General Items). Failure to submit a speaker slip shall not preclude testimony, if permission to address the Board is granted by the Chair.
- 2) The Public Comment Section at the beginning of the agenda is reserved for persons wishing to address the Board, ALUC, and Committees on any matter for which another opportunity to speak is not provided on the Agenda, and on matters that are within the jurisdiction of the Board.
- 3) Persons wishing to speak on specific items listed on the agenda will be afforded an opportunity to speak during the presentation of individual items. Persons wishing to speak on specific items should reserve their comments until the specific item is taken up by the Board, ALUC and Committees.
- 4) If many persons have indicated a desire to address the Board, ALUC and Committees on the same issue, then the Chair may suggest that these persons consolidate their respective testimonies. Testimony by members of the public on any item shall be limited to **three (3) minutes per individual speaker and five (5) minutes for applicants, groups and referring jurisdictions.**
- 5) Pursuant to Authority Policy 1.33 (8), recognized groups must register with the Authority Clerk prior to the meeting.

After a public hearing or the public comment portion of the meeting has been closed, no person shall address the Board, ALUC, and Committees without first obtaining permission to do so.

Additional Meeting Information

NOTE: This information is available in alternative formats upon request. To request an Agenda in an alternative format, or to request a sign language or oral interpreter, or an Assistive Listening Device (ALD) for the meeting, please telephone the Authority Clerk's Office at (619) 400-2550 at least three (3) working days prior to the meeting to ensure availability.

For your convenience, the agenda is also available to you on our website at www.san.org.

For those planning to attend the Commission meeting, parking is available in the Airport Administration Building Parking Lot (entrance on the east side of McCain Road). Visitors can park in the lot from 8:00 a.m. to 5:00 p.m.

You may also reach the SDCRAA Building by using public transit via the San Diego MTS System, Route 923. For route and fare information, please call the San Diego MTS at (619) 233-3004 or 511.

San Diego County Regional Airport Authority FY 2025 Proposed Budget & FY 2026 Proposed Conceptual Budget

Budget Workshop

May 16, 2024



Agenda

1. Purpose, Culture and Strategic Plan
2. Economic, Industry, and Credit Overview
3. Budget Process
4. Budget Overview
 - Revenue
 - Expenses
5. Budget Summary
6. Capital Program Budget
7. Plan of Finance FY 2024-2029
8. Conclusion





Purpose, Culture and Strategic Plan

Purpose, Culture, and Strategic Plan

Purpose Statement:

- To create an exceptional airport experience for the community and the world.

Culture Statement:

- At SAN, culture starts with diversity. Together, we build trust and a sense of belonging by empowering our teams to grow.

Strategic Plan - Focus Areas



Advance Airport
Development



Transform the
Customer Experience



Optimize Ongoing
Business



Cultivate the Culture

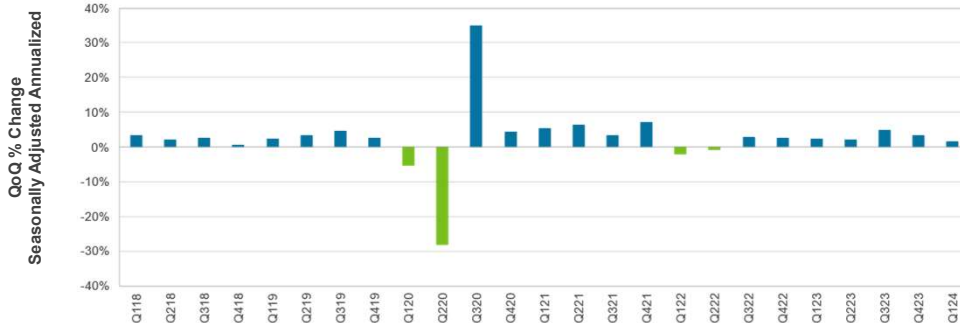


Economic, Industry, and Credit Overview

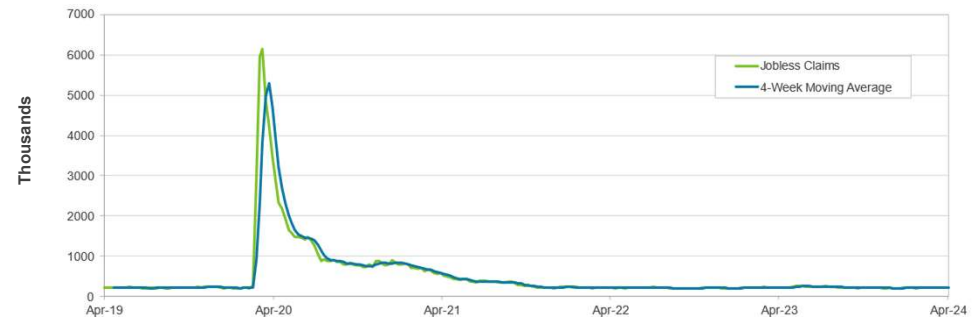
US Economy - GDP & Unemployment

- Main economic indicators:
 - 1st Quarter of 2024 U.S. GDP decreased to an annual rate of 1.6%
 - As of April 2024, U.S. unemployment claims increased to 3.9% compared to 3.4% last year
 - As of March 2024, SD unemployment rate increased to 4.4% compared to 3.7% last year

U.S. Gross Domestic Product



U.S. Unemployment Claims



Sources:

<https://www.bls.gov/news.release/pdf/empisit.pdf>

<https://labormarketinfo.edd.ca.gov/data/unemployment-and-labor-force.html>

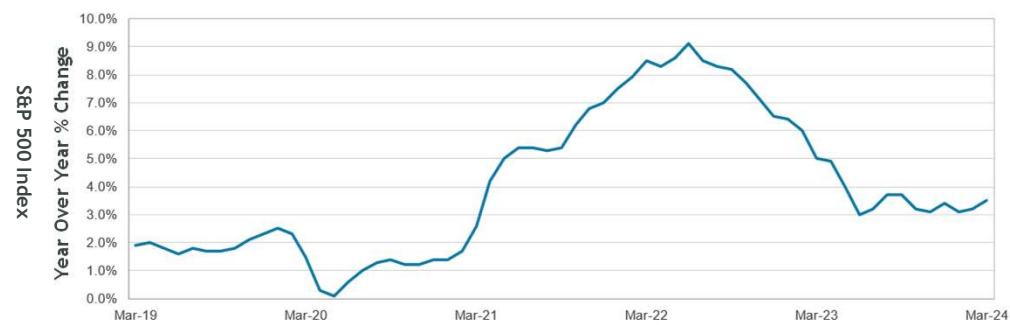
US Economy - Index & Inflation

- Calendar 2024 equity markets increased:
 - DJIA: 3.7%
 - S&P 500: 9.2%
- Inflation:
 - CPI for all items 3.5% YoY in March 2024

Dow Jones Industrial Avg. and S&P 500 Indices



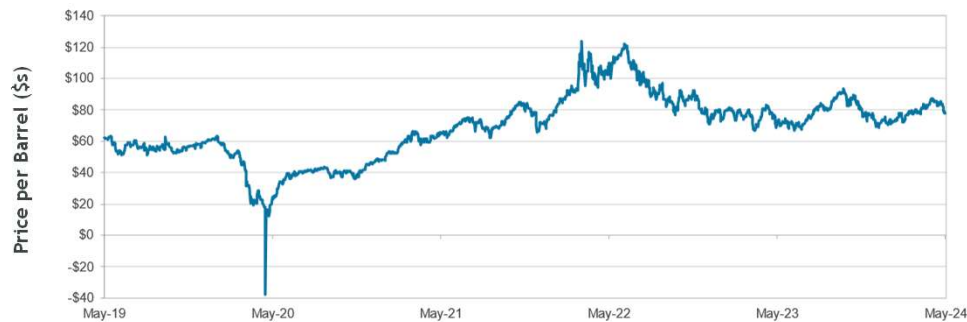
Consumer Price Index



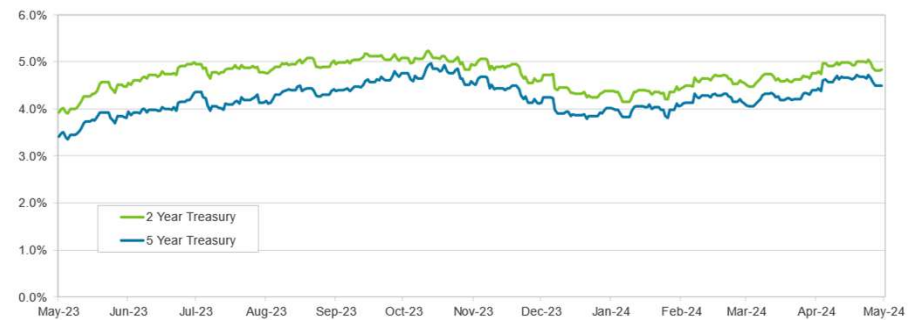
Oil Prices & Interest Rates

- Current oil price trades in the \$78.48+/- range per barrel, above its 12-month average of \$78.47
- In 2024, Treasury yields have inclined 58 basis points on 2-year Treasury and 108 basis points on 5-year Treasury.

WTI Crude Oil Price (Per Barrel)



U.S. Treasury Yields



Rating Agencies: U.S. Airport Outlook

Fitch & Moody's – Stable

Key Drivers:

- Passenger traffic has reached pre-pandemic levels, however, growth is slowing due to economic concerns, expected reduced consumer spending, and airline capacity weakness
- Domestic leisure travel growth is slowing
- Growing capital spending and higher interest rates are increasing airport leverage, but does not add to risks enough at this time to stress credit quality

SDCRAA Credits

Fitch:

AA- Senior and A+ Subordinate ratings with a Stable outlook

Moody's:

A1 Senior and A2 Subordinate ratings with a Positive outlook; and,
A3 rating for CFC special facility bonds with a Stable outlook



Budget Process

Budget Process



Expense Budget

- Review current expenses
- Discuss future needs
- Consider alternative methods and solutions
- Identify risks and opportunities



Revenue Budget

- Review current non-airline revenue trends
- Forecast future enplanements and landed weight growth
- Meet with internal business partners to evaluate future trends
- Review expense budget, amortization, and debt service allocations to calculate airlines rates, fees, and charges



Capital Budget

- Annual validation of current CIP
- Planning for future needs (new CIP projects)
- Project cost estimation and evaluation of funding sources
- Business Case analysis



Financial Metrics Review

- Cost per Enplaned Passenger (CPE)
- Debt Service Coverage
- Debt per Enplaned Passenger
- Net Debt/CFADS
- Days Cash on Hand (DCOH)

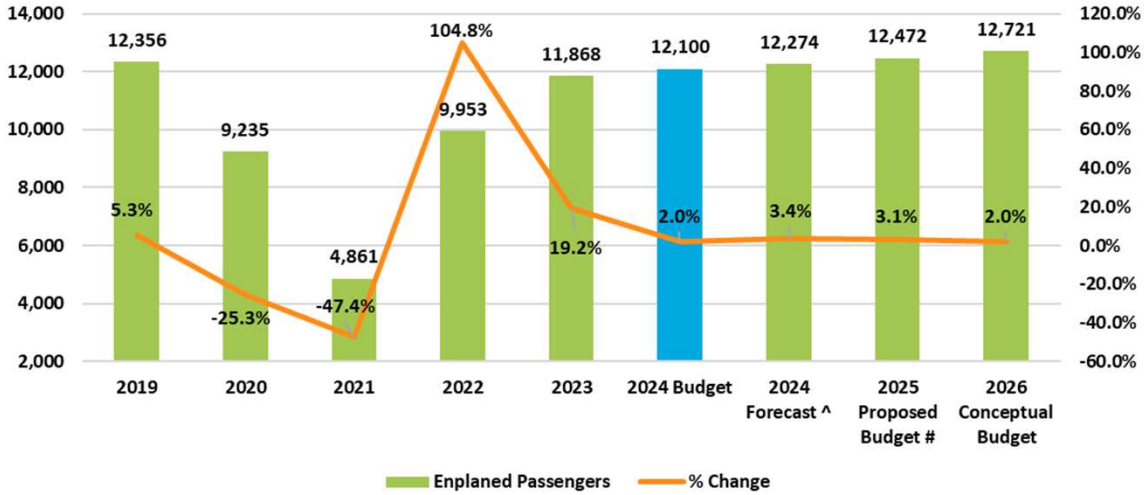


Revenue Budget Overview

Annual Enplaned Passenger Traffic

- FY 2025 Proposed Budget of 12.5M, 1.6% increase vs. FY 2024 Forecast of 12.3M and 3.1 % increase vs. FY 24 Budget of 12.1M
- FY 2026 Proposed Conceptual Budget of 12.7M, 2.0% increase vs. FY 2025 Budget of 12.5M

(in thousands)



Fiscal Year	Enplaned Passengers	% Change
2019	12,356	5.3%
2020	9,235	-25.3%
2021	4,861	-47.4%
2022	9,953	104.8%
2023	11,868	19.2%
2024 Budget	12,100	2.0%
2024 Forecast ^	12,274	3.4%
2025 Proposed Budget #	12,472	3.1%
2026 Conceptual Budget	12,721	2.0%

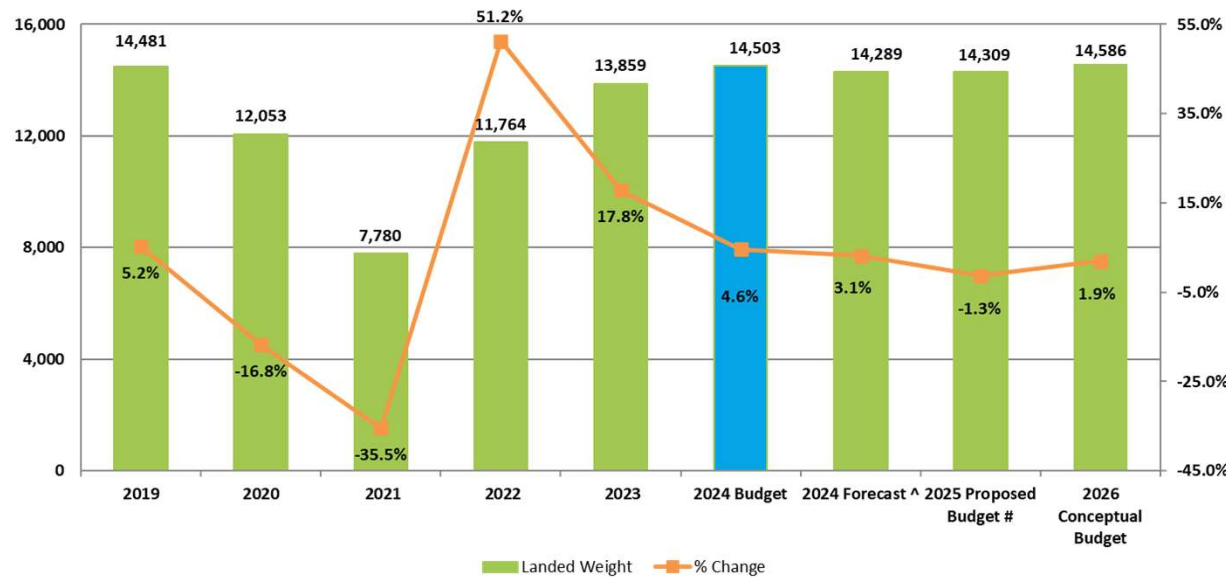
- ^ FY24 Forecast is 1.4% higher than FY24 budget of 12.1M and 3.4% higher than FY23
- # FY25 Proposed Budget is 1.6% higher than FY24 Forecast and 3.1% higher than FY24 Budget



Landed Weight

- FY 2025 Proposed Budget of 14.3M, 0.1% increase vs. FY 2024 Forecast of 14.29M and 1.3% decrease vs. FY 24 budget of 14.5M
- FY 2026 Proposed Conceptual Budget of 14.6M, 1.9% increase vs. FY 2025 Budget of 14.3M

¹ in million pounds



Fiscal Year	Landed Weight	% Change
2019	14,481	5.2%
2020	12,053	-16.8%
2021	7,780	-35.5%
2022	11,764	51.2%
2023	13,859	17.8%
2024 Budget	14,503	4.6%
2024 Forecast ^	14,289	3.1%
2025 Proposed Budget #	14,309	-1.3%
2026 Conceptual Budget	14,586	1.9%



- ^ FY24 Projected is (1.5%) lower than FY24 budget of 14.5M and 3.1% higher than FY23
- # FY25 Proposed Budget is 0.1% higher than FY24 Forecast and 1.3% lower than FY24 Budget

Non-Airline Revenue Assumptions

FY 2025

CPI Based Growth - assumed CPI 2.5%

- Terminal Non-Airline Rents – CPI based increase effective July 1 each year
- Ground Rental – CPI + cost recovery of utilities, insurance and maintenance of 12kV system

Activity Based Growth – Growth in Enplaned Passengers

- **Enplaned Passenger Growth** – assumed at 3.1% over FY24 Budget and 1.6% over FY24 Forecast
 - **Terminal Concessions** – increase in gross sales commensurate with increase in enplanements
 - **Rental Car License Fees** – Increase in revenue in line with enplanement growth over FY24; activity - cost recovery increase due to additional Small Market Operator (SMO) Rent Tenant Improvement (TI) Rents
 - **License Fees Other** – ground handling and inflight catering increase in line with airline
 - **Parking** – New T1 Parking Plaza Phase 1 opens with parking spaces increasing ~80% - assumed ~30% parking transaction growth YOY
 - **TNC/Taxi** - New T1 Parking Plaza opens - assumed decline in TNC/Taxi transactions with additional parking capacity
 - **Customer Facility Charges (CFC)** – increase due to enplanement growth
 - **Passenger Facility Charges (PFC)** –increase due to enplanement growth; 89.9% collection rate

Other

- **Grant Reimbursement** – loss of \$296K in TSA reimbursement grants for checkpoint staffing

Non-Airline Revenue Assumptions

FY 2026

CPI Based Growth - assumed CPI 2.0%

- Terminal Non-Airline Rents – CPI based increase effective July 1 each year
- Ground Rental – CPI + cost recovery of utilities, insurance and maintenance of 12kV system

Activity Based Growth – Growth in Enplaned Passengers

- Enplaned Passenger Growth – assumed at 2.0% over FY25 Budget

- **Terminal Concessions** – growth based on increase in enplaned passengers and increase in sales per enplaned passenger (SEP) with new concepts opening in New T1
- **Rental Car License Fees** – 2.0% Increase in revenue in line with enplanement growth; cost recovery increase 11%
- **License Fees Other** – ground handling and inflight catering increase in line with airline activity @ 2%
- **Parking** – New T1 Parking Plaza Phase 2 opens - assumed ~11% parking transaction growth YOY
- **TNC/Taxi** – assumes increase in rates \$0.25 per pickup and drop off for TNCs
- **Customer Facility Charges (CFC)** – 2.0% increase due to enplanement growth
- **Passenger Facility Charges (PFC)** – 2.0% increase in enplanements; 89.9% collection rate

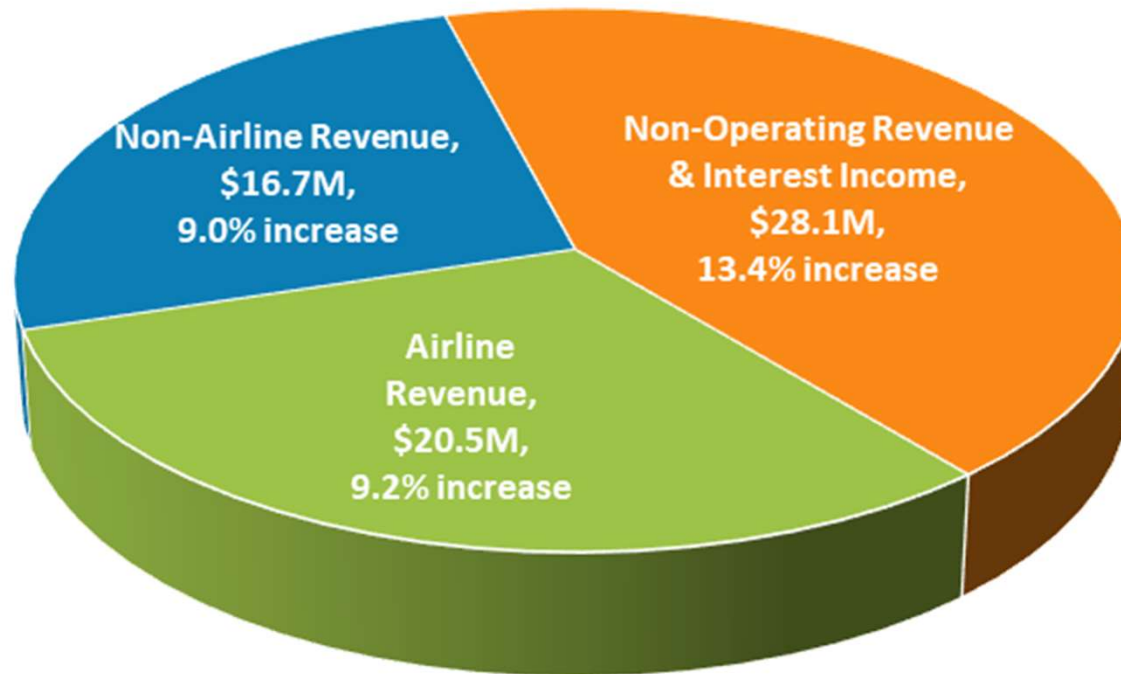
FY 2025 - FY 2026 Proposed Revenue Budget Summary

(in thousands)

	FY2022 Actuals	FY2023 Actuals	FY2024 Budget	FY2025 Proposed Budget	Inc / (Dec) FY25 Proposed vs FY24 Budget	% Change	FY2026 Conceptual Budget	Inc / (Dec) FY26 Conceptual vs FY25 Budget	% Change
Operating Revenue									
Airline Revenue									
Landing Fees	\$35,354	\$44,741	\$53,621	\$62,874	\$9,253	17.3%	\$68,467	\$5,593	8.9%
Aircraft Parking Fees	8,856	11,189	13,405	15,718	2,313	17.3%	17,117	1,398	8.9%
Building Rentals	97,047	129,744	148,651	156,370	7,719	5.2%	178,566	22,196	14.2%
Common Use Fees	8,231	10,951	10,185	10,507	322	3.2%	13,388	2,882	27.4%
Other Aviation Revenue	(1,713)	(3,828)	(2,343)	(1,454)	889	-37.9%	(748)	707	-48.6%
Total Airline Revenue	147,775	192,797	223,519	244,015	20,496	9.2%	276,791	32,776	13.4%
Non-Airline Revenue									
Terminal Rent Non-Airline	2,647	2,729	2,589	2,745	156	6.0%	2,754	9	0.3%
Terminal Concessions	31,992	31,850	32,697	33,281	584	1.8%	37,837	4,556	13.7%
Rental Car License Fees	38,647	43,124	40,951	44,019	3,068	7.5%	45,210	1,191	2.7%
License Fees - Other	6,326	8,661	8,299	9,364	1,064	12.8%	9,542	178	1.9%
Parking Revenue	44,181	46,325	52,215	63,006	10,791	20.7%	69,004	5,998	9.5%
Ground Transportation Permits and Citations	12,894	19,090	20,287	20,603	317	1.6%	21,579	976	4.7%
Ground Rentals	23,301	26,195	25,832	26,741	908	3.5%	27,278	537	2.0%
Grant Reimbursements	325	292	296	-	(296)	-100.0%	-	-	0.0%
Other Operating Revenue	2,676	3,443	1,789	1,861	72	4.0%	2,053	192	10.3%
Total Non-Airline Revenue	162,989	181,708	184,955	201,620	16,664	9.0%	215,256	13,637	6.8%
Total Operating Revenue	310,764	374,505	408,474	445,634	37,160	9.1%	492,047	46,413	10.4%
Interest Income	19,683	45,387	43,915	89,258	45,342	103.2%	55,190	(34,067)	-38.2%
Non-Operating Revenue									
Passenger Facility Charges	40,394	46,755	45,854	49,120	3,266	7.1%	50,103	982	2.0%
Customer Facility Charges	30,333	34,375	34,544	35,438	895	2.6%	36,147	709	2.0%
Quieter Home Program	14,393	19,024	19,663	20,028	365	1.9%	11,760	(8,268)	-41.3%
Capital Grant Contributions	12,958	52,287	65,934	44,160	(21,774)	-33.0%	59,158	14,998	34.0%
Other Non Operating Revenue	(74,519)	11,922	-	-	-	0.0%	-	-	0.0%
Total Non-Operating Revenue	102,481	164,363	165,995	148,747	(17,248)	-10.4%	157,167	8,421	5.7%
Total Revenue	\$432,929	\$584,255	\$618,385	\$683,638	\$65,254	10.6%	\$704,405	20,766	3.0%

FY 2025 Budget Revenue Increase vs FY 2024 Budget

\$65.3M; 10.6%



Total FY 2025 Budget is \$683.6M

FY 2025 Airline Revenue Increase

(in thousands)

	FY2024 Budget	FY2025 Proposed Budget	Inc / (Dec) FY25 Proposed vs FY24 Budget	% Change
Operating Revenue				
Airline Revenue				
Landing Fees	\$53,621	\$62,874	\$9,253	17.3%
Aircraft Parking Fees	13,405	15,718	2,313	17.3%
Building Rentals	148,651	156,370	7,719	5.2%
Common Use Fees	10,185	10,507	322	3.2%
Other Aviation Revenue	(2,343)	(1,454)	889	-37.9%
Total Airline Revenue	223,519	244,015	20,496	9.2%

- Airline Revenue is largely cost recovery of operating expenses and Debt Service
- Increase in Airfield and Terminal operations expenses (\$16.2M)
 - \$7.4M Airfield; \$7.8M Terminal; \$1.0M Terminal Support
- Reduction in Federal Relief funds applied to reduce Airline Rents, Fees and Charges (\$10.5M lower than FY24).
- Decrease in Debt Service, Reserve and Amortization

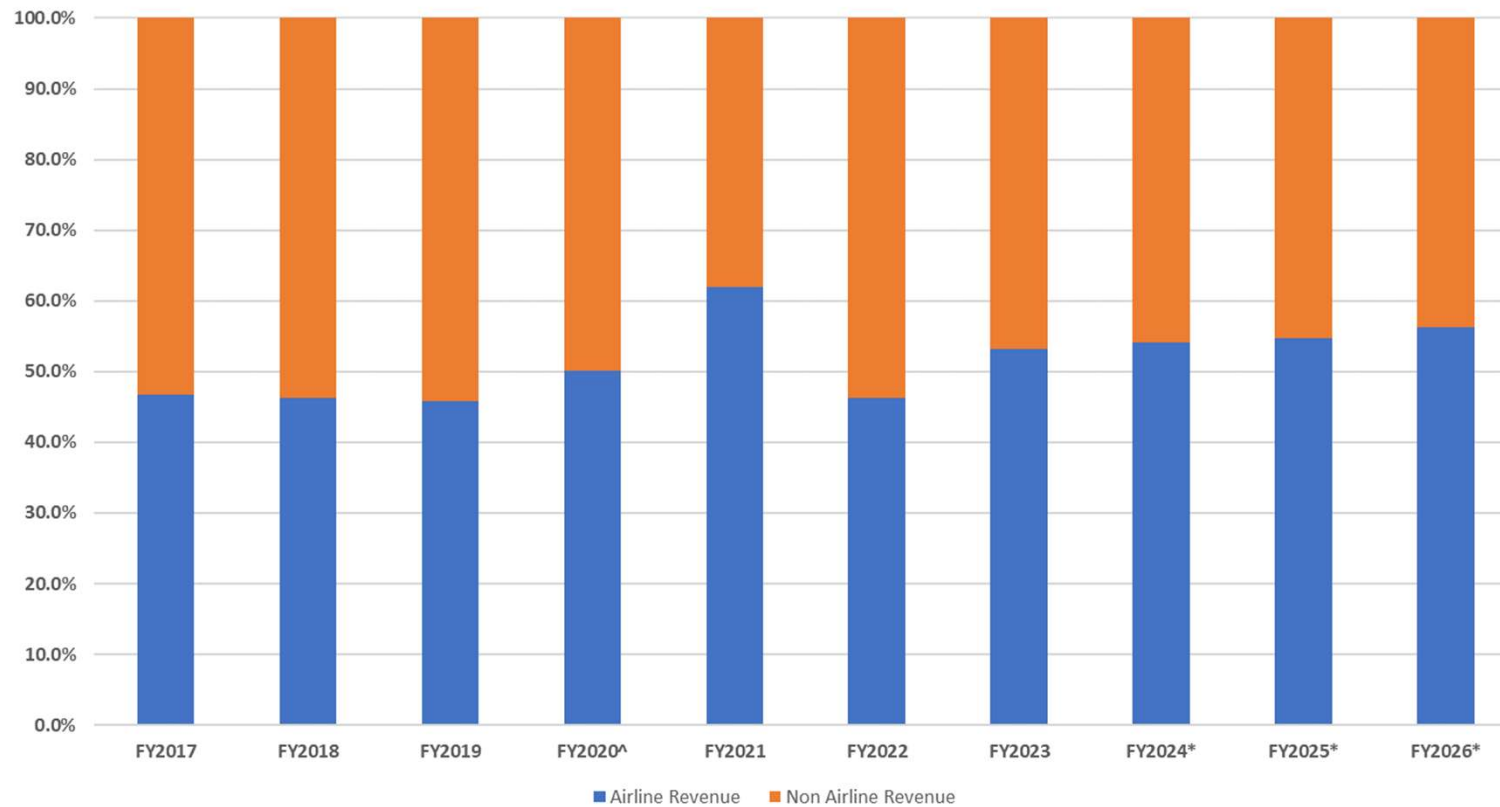
FY 2025 Non-Airline Revenue Increase

(in thousands)

	FY2024 Budget	FY2025 Proposed Budget	Inc / (Dec) FY25 Proposed vs FY24 Budget	% Change
Non-Airline Revenue				
Terminal Rent Non-Airline	2,589	2,745	156	6.0%
Terminal Concessions	32,697	33,281	584	1.8%
Rental Car License Fees	40,951	44,019	3,068	7.5%
License Fees - Other	8,299	9,364	1,064	12.8%
Parking Revenue	52,215	63,006	10,791	20.7%
Ground Transportation Permits and Citations	20,287	20,603	317	1.6%
Ground Rentals	25,832	26,741	908	3.5%
Grant Reimbursements	296	-	(296)	-100.0%
Other Operating Revenue	1,789	1,861	72	4.0%
Total Non-Airline Revenue	184,955	201,620	16,664	9.0%

- **Terminal Concessions:** increase of \$0.6M reflecting enplanements growth and Sales per Enplaned Passenger (SEP) adjustment based on current trends
- **Rental Car License Fees:** increase of \$3.1M reflecting growth in enplanements and Sales per Enplaned Passenger (SEP)
- **License Fees - Inflight & Ground Handling :** increase of \$1.1M due to increase in enplanements and services provided
- **Parking Revenue:** increase of \$10.8M primarily due to new Terminal 1 Parking Plaza (T1PP) opening late Summer of 2024, increased capacity.
- **Ground Transportation Revenue:** increase of \$0.32M primarily due to higher TNC cost per trip offset by lower expected TNC and taxi trips with new T1PP opening.
- **Ground Rentals:** increase of \$0.9M due to CPI increase + additional space/land leased

Revenue - Airline vs Non-Airline



^ FY 2020 was the first year of the new Airline Operating Lease Agreement

* Projected FY 2024, Budgeted FY 2025 & FY 2026

FY 2025 Interest Income & Non-Operating Revenue Increase

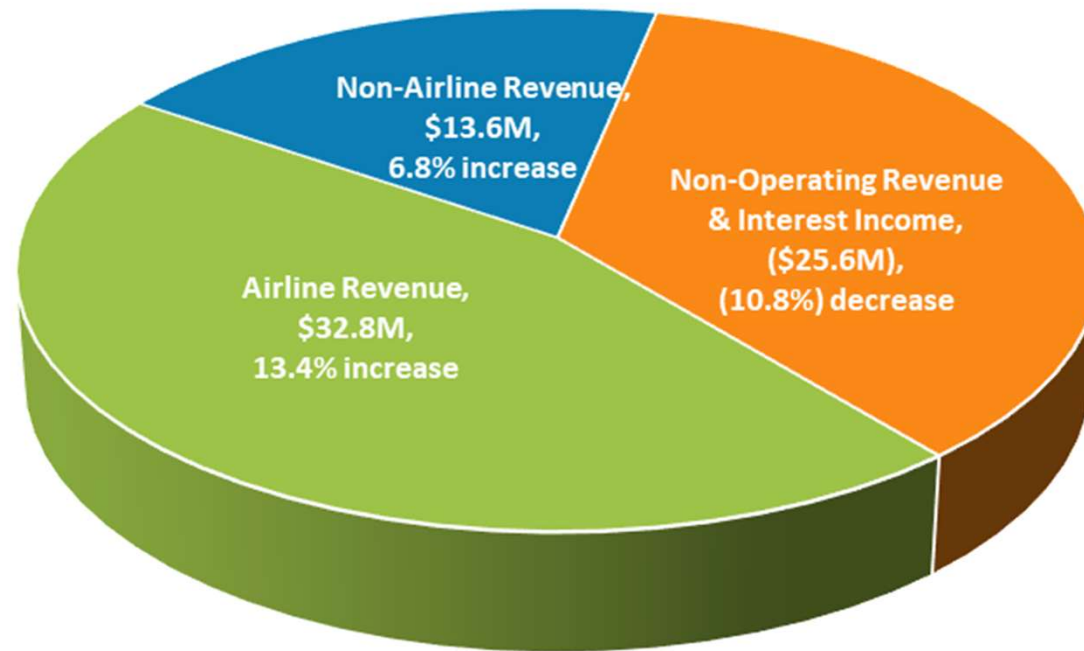
(in thousands)

	FY2024 Budget	FY2025 Proposed Budget	Inc / (Dec) FY25 Proposed vs FY24 Budget	% Change
Interest Income	43,915	89,258	45,342	103.2%
Non-Operating Revenue				
Passenger Facility Charges	45,854	49,120	3,266	7.1%
Customer Facility Charges	34,544	35,438	895	2.6%
Quieter Home Program	19,663	20,028	365	1.9%
Capital Grant Contributions	65,934	44,160	(21,774)	-33.0%
Other Non Operating Revenue	-	-	-	0.0%
Total Non-Operating Revenue	165,995	148,747	(17,248)	-10.4%

- **Interest Income:** Additional interest on balance of 2023 Bonds
- **Passenger Facility Charges (PFC)** : increase of \$3.3M due to higher enplanements and higher collection rate than budgeted
- **Customer Facility Charges (CFC)** : increase of \$0.9M due to higher enplanements
- **Quieter Home Program (QHP):** increase of \$0.4M reflecting utilization of received grant funding
- **Capital Grant Contributions:** decrease of (\$21.8M) due to an increase in grant utilization on airside projects that was offset by a decrease from closeouts of terminal related grants in FY24

FY 2026 Budget Revenue Increase vs. FY 2025 Budget

\$20.8M; 3.0%



Total FY 2026 Budget is \$704.4M

FY 2026 Airline Revenue Increase

(in thousands)

	FY2025 Proposed Budget	FY2026 Conceptual Budget	Inc / (Dec) FY26 Conceptual vs FY25 Budget	% Change
Operating Revenue				
Airline Revenue				
Landing Fees	\$62,874	\$68,467	\$5,593	8.9%
Aircraft Parking Fees	15,718	17,117	1,398	8.9%
Building Rentals	156,370	178,566	22,196	14.2%
Common Use Fees	10,507	13,388	2,882	27.4%
Other Aviation Revenue	(1,454)	(748)	707	-48.6%
Total Airline Revenue	244,015	276,791	32,776	13.4%

- **Landing Fees:** increase of \$5.6M due to increased airfield expenses
- **Aircraft Parking Fees:** increase of \$1.4M due to increase in airfield expenses
- **Building Rentals:** increase of \$22.2M due to increased campus size with opening of New T1 in FY26
- **Common Use Fees:** increase of \$2.9M in FY26 as all carriers will be operating in Common Use facilities
- **Other Aviation Revenue:** increase of \$0.7M due to decreasing air service incentives

FY 2026 Non-Airline Revenue Increase

(in thousands)

	FY2025 Proposed Budget	FY2026 Conceptual Budget	Inc / (Dec) FY26 Conceptual vs FY25 Budget	% Change
Non-Airline Revenue				
Terminal Rent Non-Airline	2,745	2,754	9	0.3%
Terminal Concessions	33,281	37,837	4,556	13.7%
Rental Car License Fees	44,019	45,210	1,191	2.7%
License Fees - Other	9,364	9,542	178	1.9%
Parking Revenue	63,006	69,004	5,998	9.5%
Ground Transportation Permits and Citations	20,603	21,579	976	4.7%
Ground Rentals	26,741	27,278	537	2.0%
Grant Reimbursements	-	-	-	0.0%
Other Operating Revenue	1,861	2,053	192	10.3%
Total Non-Airline Revenue	201,620	215,256	13,637	6.8%

- **Terminal Concessions:** increase of \$4.6M reflects increase in enplanements and spending per enplaned passenger (SEP) in New T1 Concessions opening
- **Rental Car License Fees:** increase of \$1.2M reflects increase in enplanements
- **License Fees - Inflight & Ground Handling :** increase of \$0.2M due to increase in enplanements
- **Parking Revenue:** increase of \$6.0M due to Phase 2 of T1PP opening in Summer 2025, increased number of spaces
- **Ground Transportation Revenue:** increase of \$1.0M due to assumed increase in utilization

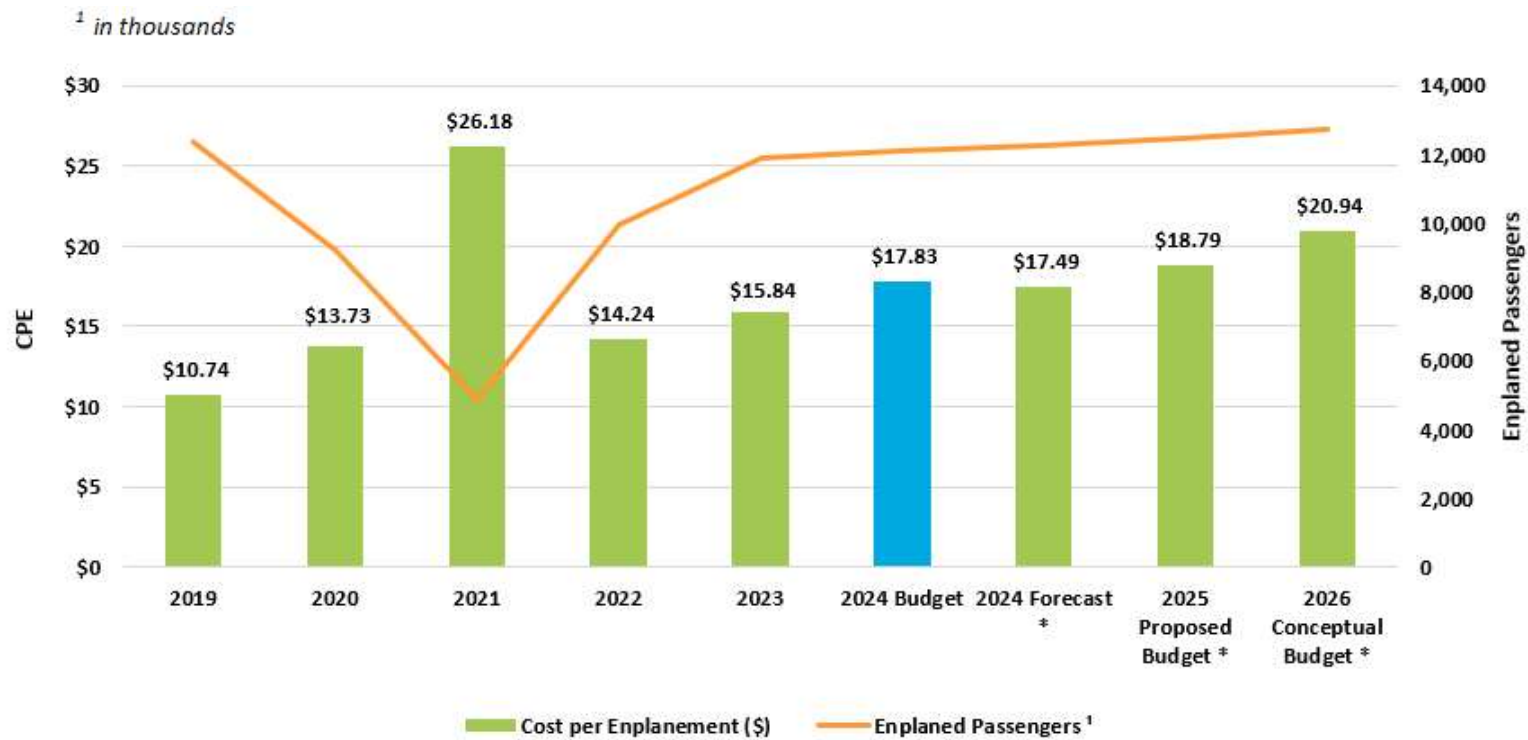
FY 2026 Interest Income & Non-Operating Revenue Increase

(in thousands)

	FY2025 Proposed Budget	FY2026 Conceptual Budget	Inc / (Dec) FY26 Conceptual vs FY25 Budget	% Change
Interest Income	89,258	55,190	(34,067)	-38.2%
Non-Operating Revenue				
Passenger Facility Charges	49,120	50,103	982	2.0%
Customer Facility Charges	35,438	36,147	709	2.0%
Quieter Home Program	20,028	11,760	(8,268)	-41.3%
Capital Grant Contributions	44,160	59,158	14,998	34.0%
Other Non Operating Revenue	-	-	-	0.0%
Total Non-Operating Revenue	148,747	157,167	8,421	5.7%

- **Interest Income:** decrease of (\$34M) due to spending on New T1 construction
- **Passenger Facility Charges (PFCs):** increase of \$1.0M due to higher enplanements
- **Customer Facility Charges (CFCs):** increase of \$0.7M due to higher enplanements
- **Quieter Home Program (QHP):** decrease of (\$8.3M) reflecting a reduction in awarded grant funding
- **Capital Grant Contributions:** increase of \$15M due to the acquisition of new grants

Airline Cost Per Enplaned Passenger

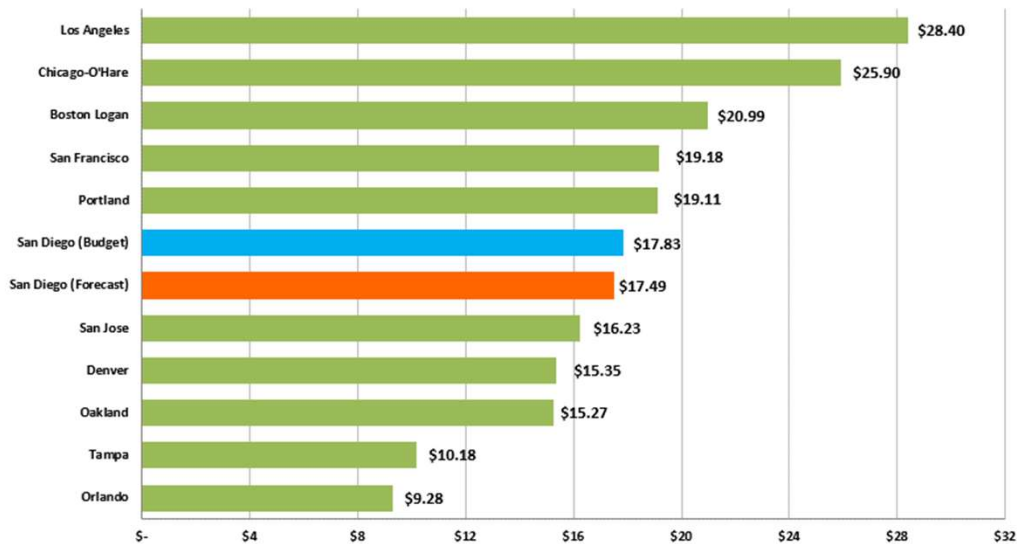


- * Projected FY 2024, Budgeted FY 2025 and FY 2026

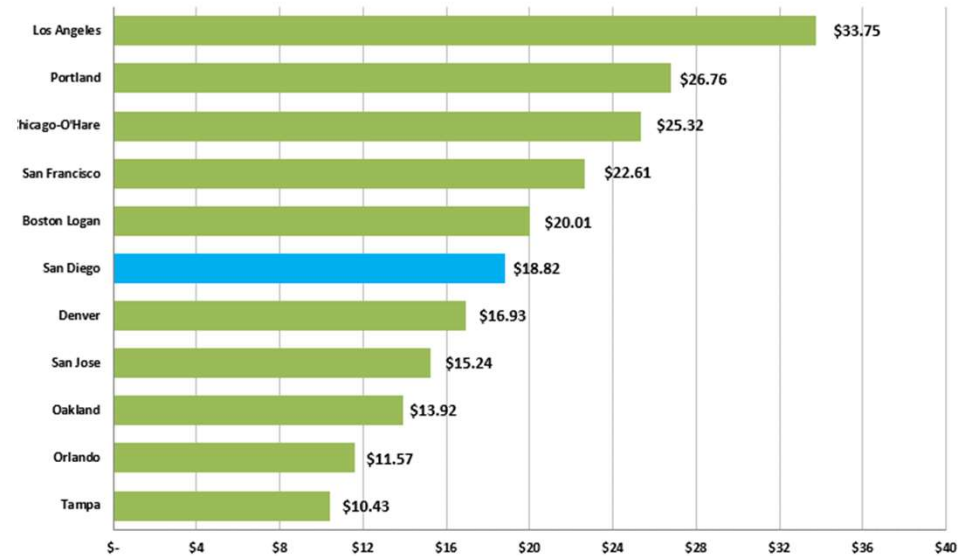
Airline Cost Per Enplaned Passenger

By Select Airports

FY 2024*



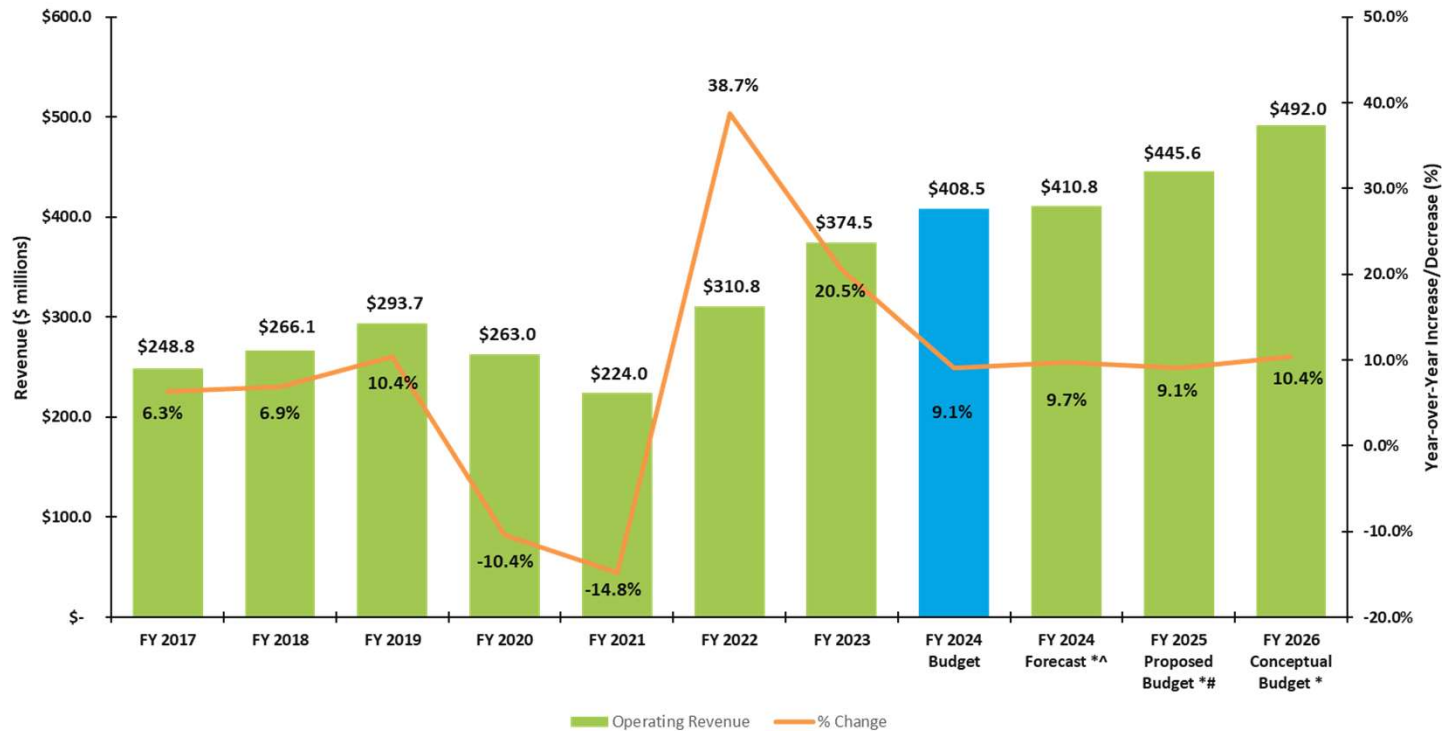
FY 2025*



* FY 2024 and FY 2025 projected

Sources: Bond Official Statements and Airport Financial Statements

Operating Revenue FY 2017 - FY 2026



- * Projected FY 2024, Budgeted FY 2025 and FY 2026
- ^ FY24 Projected is 0.6% higher than FY24 budget and 9.7% higher than FY23
- # FY25 Proposed Budget is 8.5% higher than FY24 Forecast and 9.1% higher than FY24 Budget



Expense Budget Overview

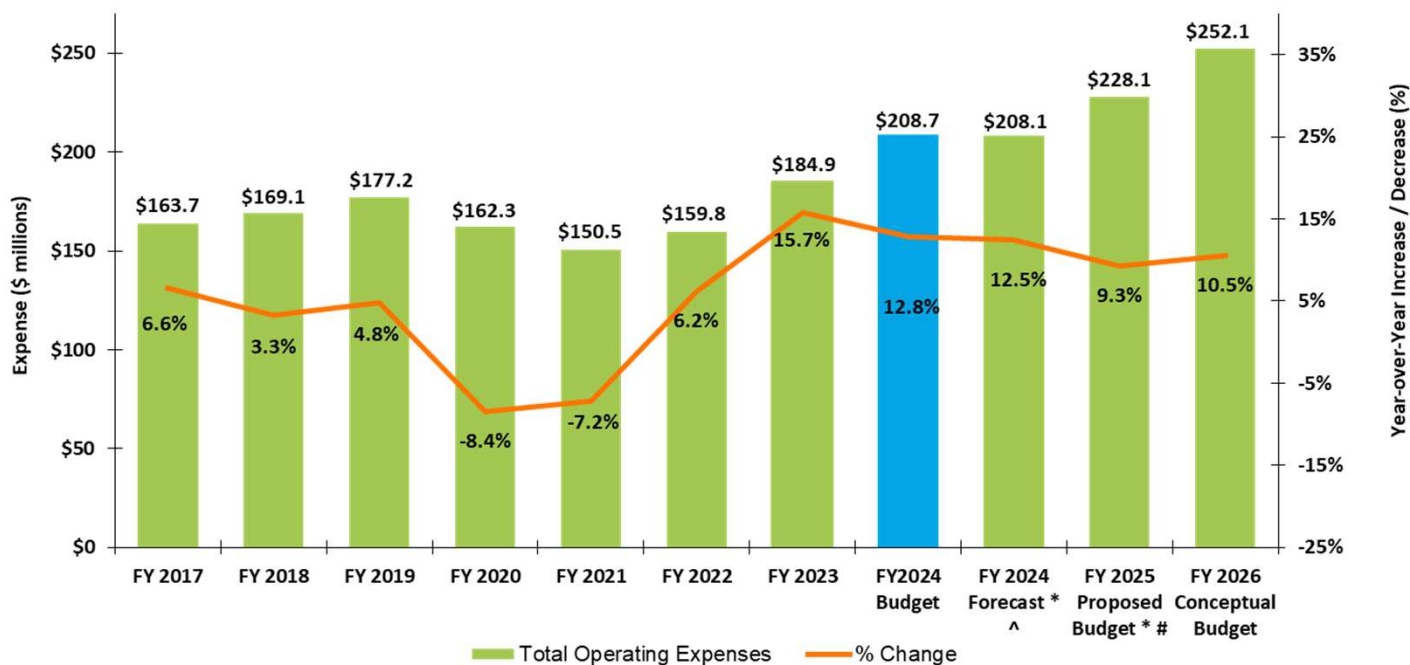
FY 2025 - FY 2026 Proposed Budget Expense Summary

(In Thousands)

	FY2022 Actuals	FY2023 Actuals	FY2024 Budget	FY2025 Proposed Budget	Inc / (Dec) FY25 Budget vs FY24 Budget	% Change	FY2026 Conceptual Budget	Inc / (Dec) FY26 Conceptual vs FY25 Proposed	% Change
Operating Expenses									
Salaries	38,166	41,076	44,381	48,475	4,094	9.2%	51,712	3,237	6.7%
Benefits	13,703	15,591	20,970	22,056	1,086	5.2%	24,476	2,420	11.0%
Subtotal	51,869	56,667	65,351	70,531	5,180	7.9%	76,188	5,657	8.0%
Less: Capitalized Labor Recharge	(4,870)	(4,769)	(6,472)	(6,955)	(483)	7.5%	(7,386)	(431)	6.2%
Less: QHP Labor Recharge	(626)	(667)	(665)	(500)	165	-24.8%	(526)	(26)	5.2%
Total Personnel Costs	46,373	51,231	58,215	63,076	4,862	8.4%	68,276	5,200	8.2%
Contractual Services	34,491	45,581	55,775	59,897	4,122	7.4%	66,979	7,082	11.8%
Safety and Security	34,191	33,043	37,248	39,828	2,580	6.9%	42,809	2,981	7.5%
Space Rental	11,330	10,805	10,573	11,024	451	4.3%	11,033	9	0.1%
Utilities	14,193	17,567	21,566	23,433	1,867	8.7%	32,000	8,567	36.6%
Maintenance	10,747	16,417	12,767	16,242	3,475	27.2%	14,838	(1,403)	-8.6%
Operating Equipment & Systems	340	922	355	441	86	24.3%	477	36	8.2%
Operating Supplies	496	661	765	823	58	7.6%	967	144	17.4%
Insurance	1,741	1,997	2,219	2,568	349	15.7%	3,267	699	27.2%
Employee Development	537	681	949	1,007	59	6.2%	1,046	38	3.8%
Business Development	1,781	1,916	3,193	3,908	715	22.4%	4,295	386	9.9%
Equipment Rentals and Repairs	3,154	3,392	4,223	4,623	400	9.5%	4,884	260	5.6%
Tenant Improvements	431	734	857	1,178	322	37.6%	1,226	47	4.0%
Total Non-Personnel Costs	113,433	133,715	150,488	164,974	14,486	9.6%	183,821	18,847	11.4%
Total Operating Expenses	159,806	184,946	208,703	228,050	19,347	9.3%	252,097	24,047	10.5%
Joint Studies / Sound Attenuation	16,934	21,075	21,763	23,028	1,265	5.8%	14,700	(8,328)	-36.2%
Debt Service	150,152	169,330	195,911	214,614	18,702	9.5%	251,527	36,914	17.2%
Legal Settlement Expense	-	243	25	250	225	900.0%	-	(250)	-100.0%
Other Non-Operating Expenses	100	1,658	-	-	-	0.0%	-	-	0.0%
Total Non-Operating Expenses	167,186	192,306	217,699	237,892	20,192	9.3%	266,227	28,336	11.9%
Total Expenses	326,992	377,252	426,402	465,942	39,540	9.3%	518,324	52,382	11.2%
Equipment Outlay Expenditures	954	359	964	3,047	2,083	216.1%	2,610	(437)	-14.3%
Total Authority Expenses Incl Equip Outlay	327,946	377,611	427,366	468,989	41,623	9.7%	520,934	51,945	11.1%

Total Operating Expenses

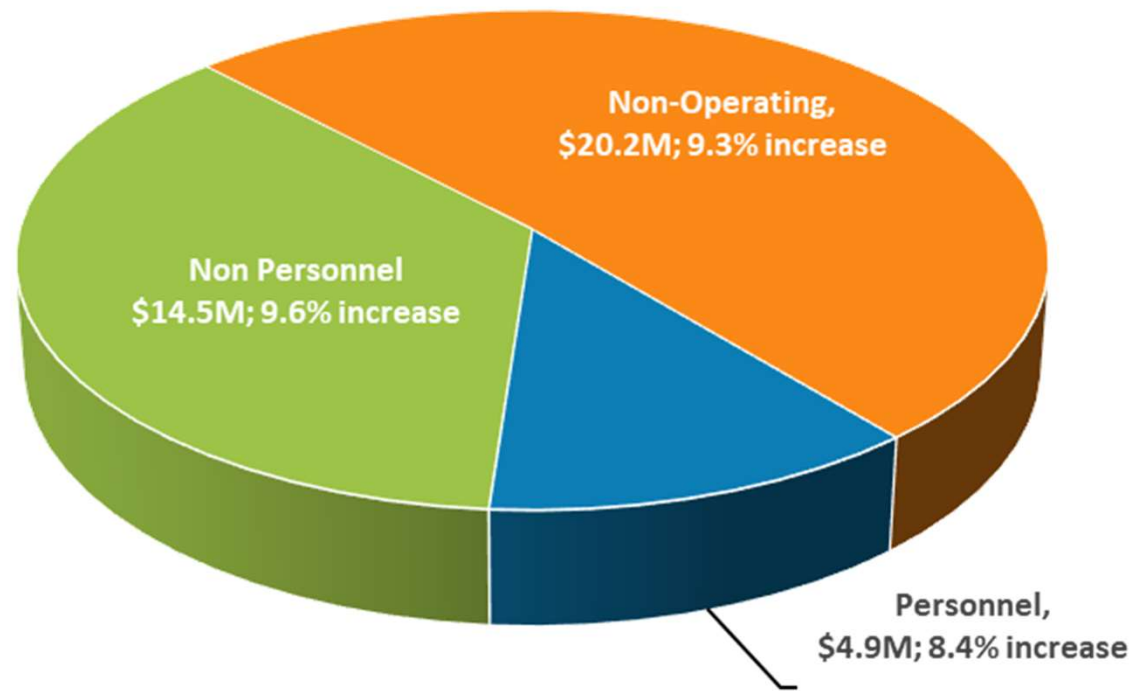
FY 2017 - FY 2026



- * Projected FY 2024, Budgeted FY 2025 and FY 2026
- ^ FY24 Projected is 0.3% lower than FY24 budget and 12.5% higher than FY23
- # FY25 Proposed Budget is 9.6% higher than FY24 Forecast and 9.3% higher than FY24 Budget

FY 2025 Budget Expense Increase vs. FY 2024 Budget

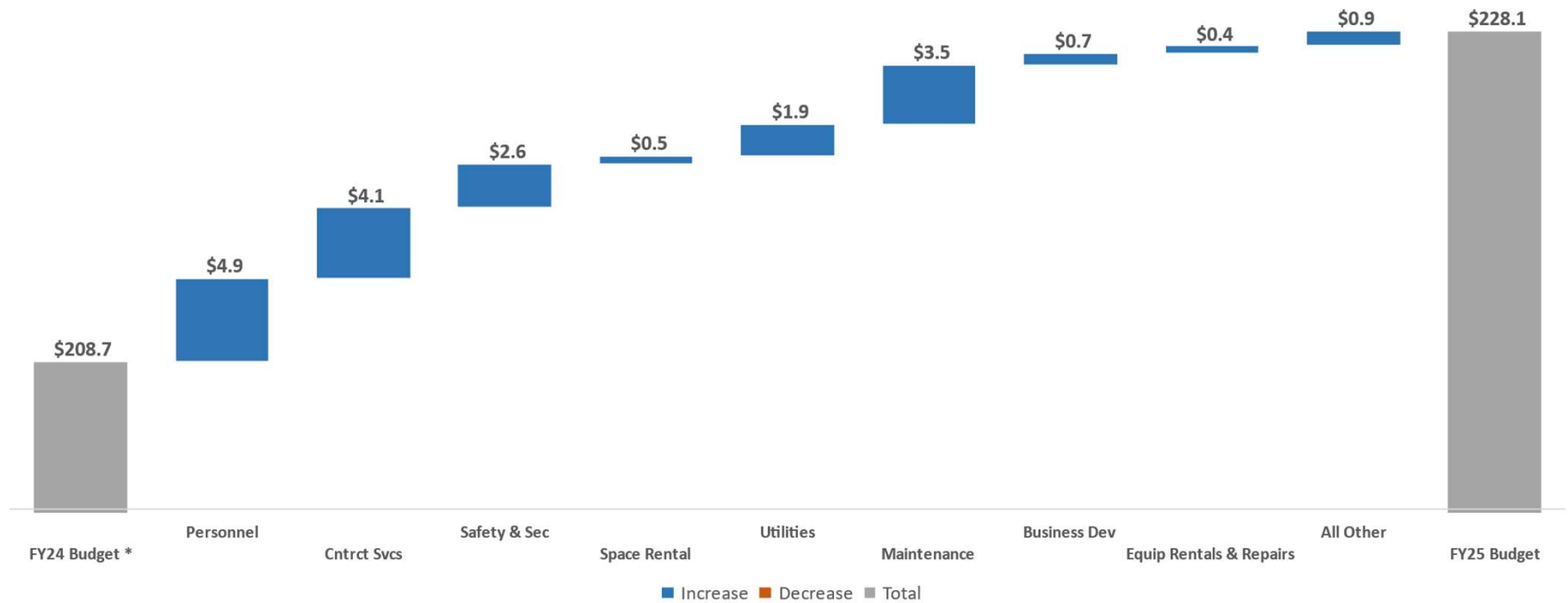
\$39.5M (9.3%)



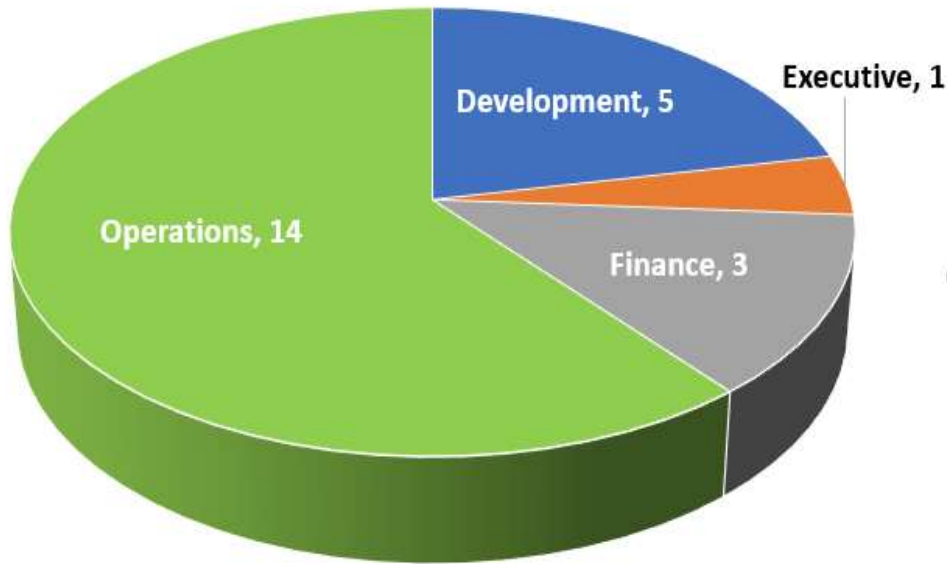
Total FY 2025 Budget is \$465.9M
(excludes Equipment Outlay)

Major Drivers of FY25 Budget vs FY24 Budget

Operating Expense +\$19.3M (9.3%)



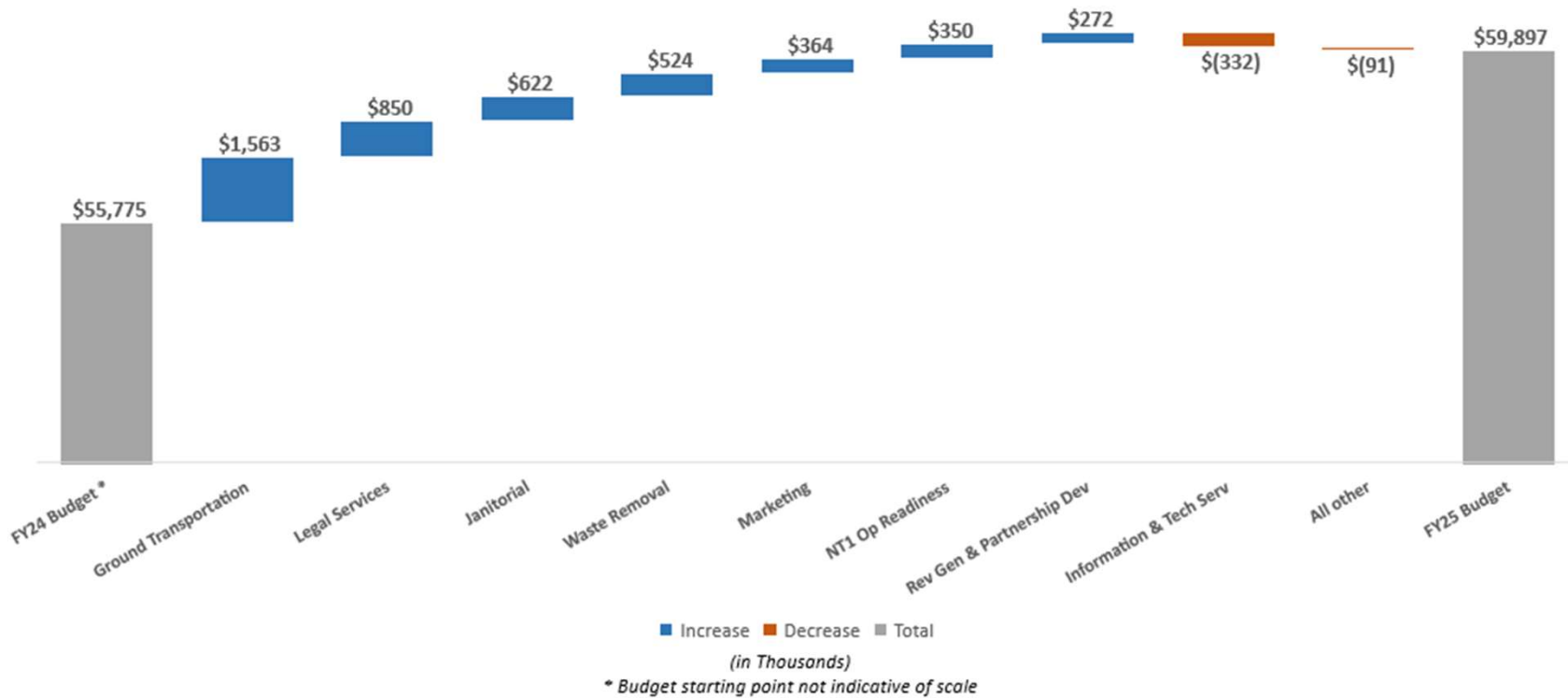
FY 2025 Proposed Budget New Headcount



FY 2025 Proposed Budget New Headcount	
Development	5
Construction Inspector	1
Cost Analyst	1
Project Manager Architectural	1
Project Manager, Civil	2
Executive	1
HR Operations Manager	1
Finance	3
Help Desk Technician	2
System Support Analyst I	1
Operations	14
Airport Traffic Officer	3
Airside Operations Duty Manager II	2
CMMS Administrator	1
CMMS Document Control Coordinator	1
CUP Engineer	1
Fire Safety Coordinator	1
Plumber II	1
Security & Emergency Response Coordinator	1
Senior AODM--SMS Manager	1
Terminal Operations Coordinator	2
Total FY 2025 Proposed Budget New Headcount	23

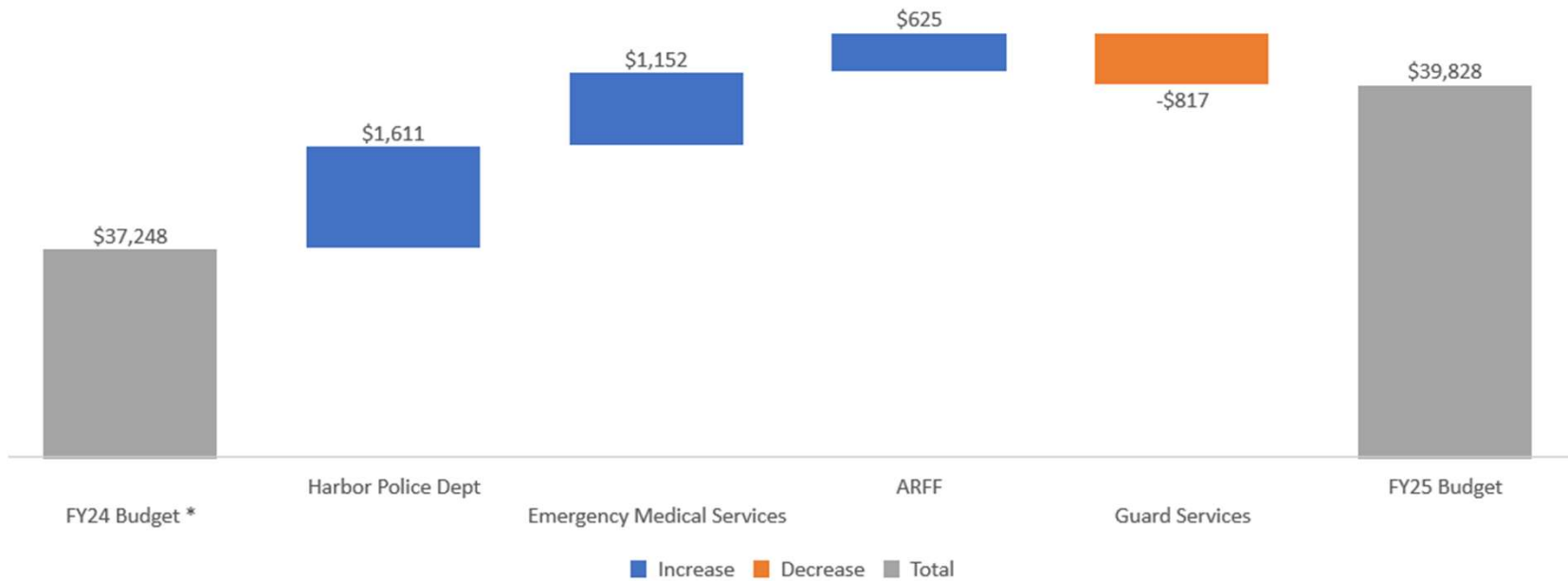
Major Drivers of FY25 Budget vs FY24 Budget

Contractual Services - Increase \$4.1M (7.4%)



Major Drivers of FY25 Budget vs FY24 Budget

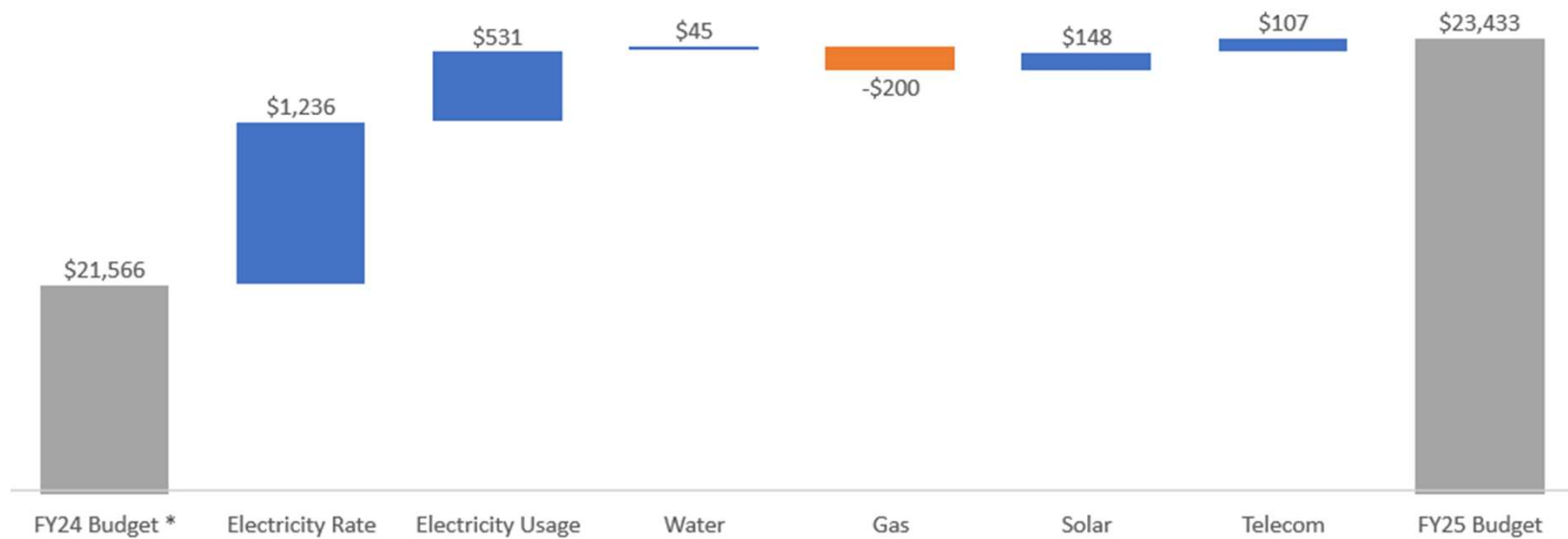
Safety & Security - Increase \$2.6M (6.9%)



(in Thousands)
 * Budget starting point not indicative of scale

Major Drivers of FY25 Budget vs FY24 Budget

Utilities +\$1.9M (8.7%)

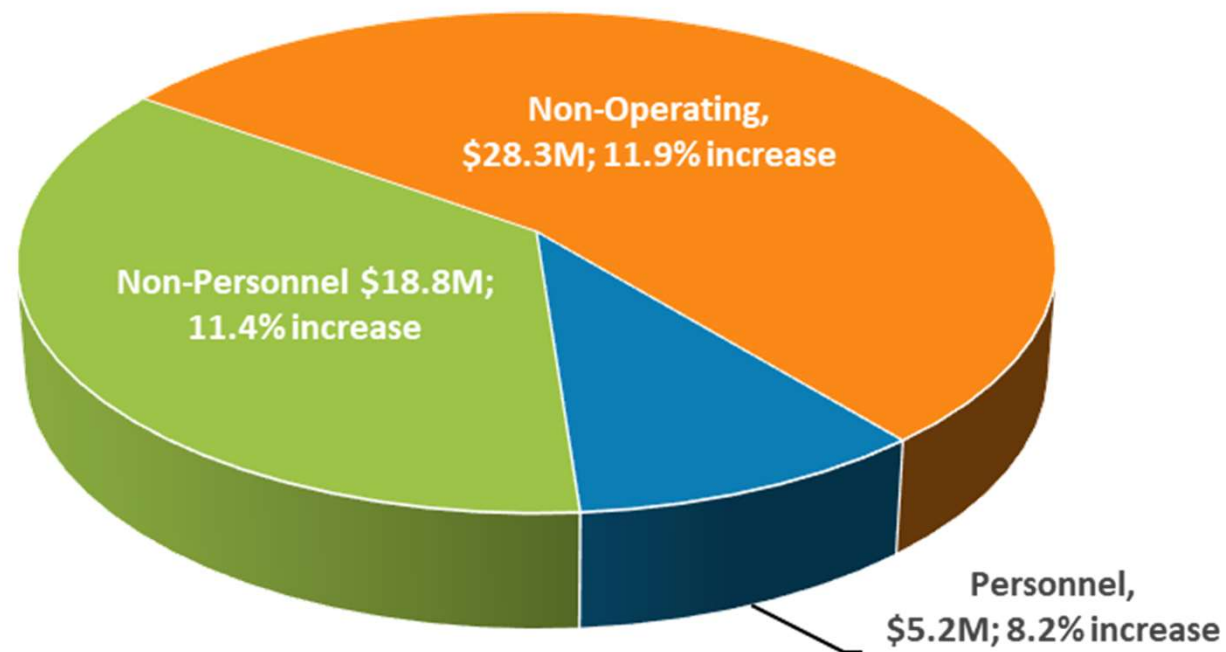


■ Increase ■ Decrease ■ Total

(in Thousands)

* Budget starting point not indicative of scale

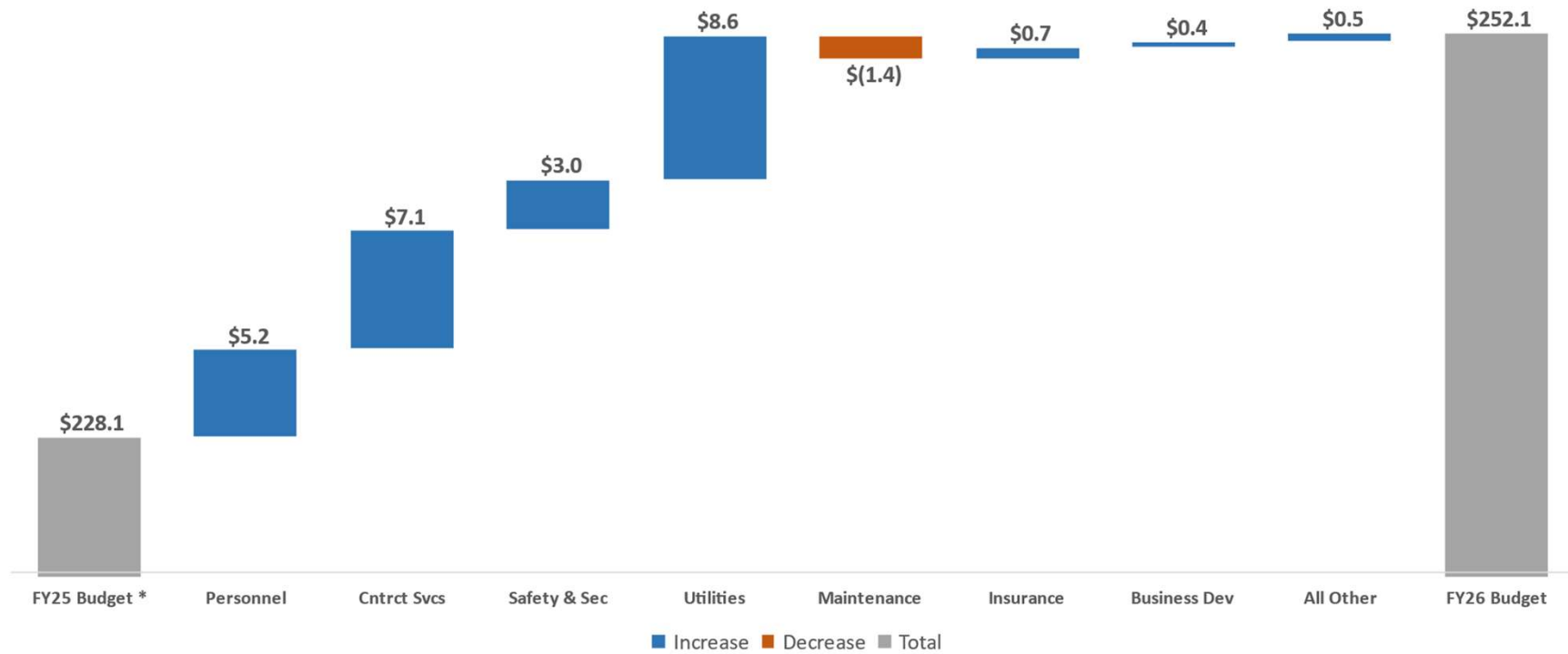
FY 2026 Budget Expense Increase vs. FY 2025 Budget \$52.3M (11.2%)



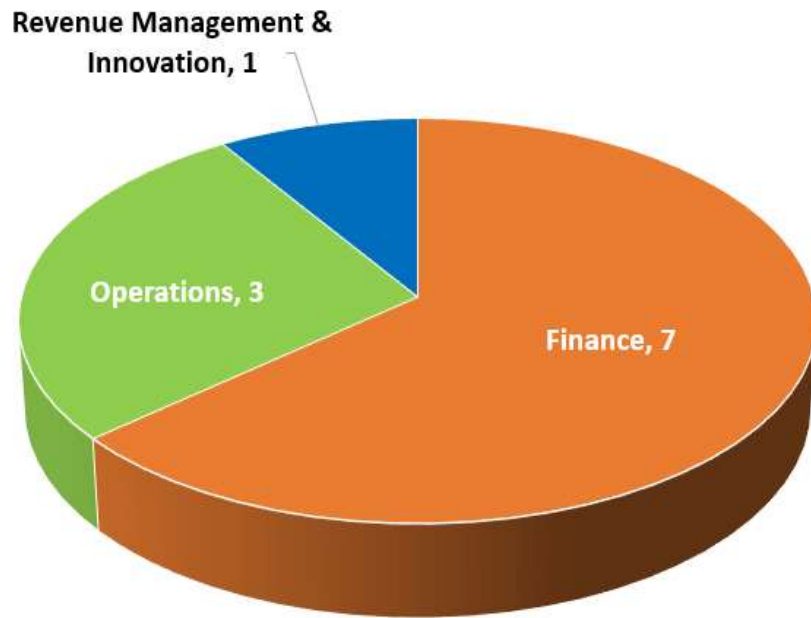
Total FY 2026 Budget is \$518.3M
(excludes Equipment Outlay)

Major Drivers of FY26 Budget vs FY25 Budget

Operating Expense +\$24.0M (10.5%)



FY 2026 Proposed Budget New Headcount



FY 2026 Conceptual Budget New Headcount	
Finance	7
Help Desk Technician	6
System Support Analyst I	1
Operations	3
Airport Traffic Officer	3
Revenue Management & Innovation	1
Data Scientist	1
Total FY 2026 Conceptual Budget New Headcount	11



Budget Summary

Budget Summary

Statement of Activity

(In Thousands)

	FY 2024 Budget	FY 2024 Forecast	Inc / (Dec) FY24 Forecast vs FY24 Budget	% Change	FY 2025 Proposed Budget	Inc / (Dec) FY25 Budget vs FY24 Forecast	% Change	FY 2026 Conceptual Budget	Inc / (Dec) FY26 Conc vs FY25 Prpsd	% Change
Operating Revenue										
Airline Revenue	\$ 223,519	\$ 222,461	\$ (1,058)	-0.5%	\$ 244,015	\$ 21,553	9.7%	\$ 276,791	\$ 32,776	13.4%
Non-Airline Revenue	184,955	188,560	3,605	1.9%	201,620	13,059	6.9%	215,256	13,637	6.8%
Total Operating Revenue	408,474	411,022	2,547	0.6%	445,634	34,613	8.4%	492,047	46,413	10.4%
Total Operating Expenses	208,703	208,069	(634)	-0.3%	228,050	19,981	9.6%	252,097	24,047	10.5%
Depreciation & Amortization	139,958	139,958	-	0.0%	144,000	4,042	2.9%	144,000	-	0.0%
Operating Income/ (Loss)	59,814	62,995	3,181	5.3%	73,584	10,590	16.8%	95,950	22,366	30.4%
Total Non-Operating Revenue/(Expenses), Net	(21,838)	(15,454)	6,383	-29.2%	2,308	17,762	-114.9%	(70,652)	(72,960)	-3161.7%
Income/ (Loss) before Capital Grant Contributions	37,976	47,540	9,564	25.2%	75,892	28,351	59.6%	25,298	(50,593)	-66.7%
Capital Grant Contributions	65,934	131,067	65,133	98.8%	44,160	(86,907)	-66.3%	59,158	14,998	34.0%
Net Income/ (Loss) *	\$ 103,910	\$ 178,607	74,698	71.9%	\$ 120,052	(58,556)	-32.8%	\$ 84,456	(35,596)	-29.7%

* Excludes principal payments on debt and capital outlay



Capital Program Budget Fiscal Years 2025-2029

Capital Program Overview

- 5 Year Program
- Reviewed by the Capital Improvement Program Oversight Committee (CIPOC)
- Approved by the Board annually
- Managed by the Executive Leadership Team - CEO & Vice Presidents
- **Current Capital Program - 75 projects - \$4.22 Billion**
 - FY 2024-2028 Capital Improvement Program (CIP) - \$389.25 Million
 - New T1 - \$3.83 Billion*

* As approved by the Board on January 11, 2024

Proposed New FY 2025 - 2029 CIP Projects

(in thousands)

Description	Expected Start Date	Estimated Budget	
Rehabilitate Taxiways B7-10 & D	Winter 2026	\$	31,200
Restroom Upgrades in T2W	Winter 2026	\$	11,600
Restroom Upgrades in T2E	Summer 2024	\$	7,000
IT Infrastructure Refresh	Summer 2024	\$	2,025
Northside Airfield and Facility Advanced Planning & Improvements	Summer 2024	\$	2,000
Computerized Maintenance Management System	Summer 2024	\$	1,500
		\$	<u>55,325</u>

Capital Program Budget Summary

(in thousands)

	New T1 *	CIP	Total
FY 2024 - 2028 Capital Program Budget	\$3,834,300	\$389,249	\$4,223,549
Closeouts and Adjustments	-	(24,534)	(24,534)
Capital Allowance	-	10,000	10,000
New Projects	-	55,325	55,325
Proposed FY 2025 - 2029 Capital Program Budget **	\$3,834,300	\$430,039	\$4,264,339

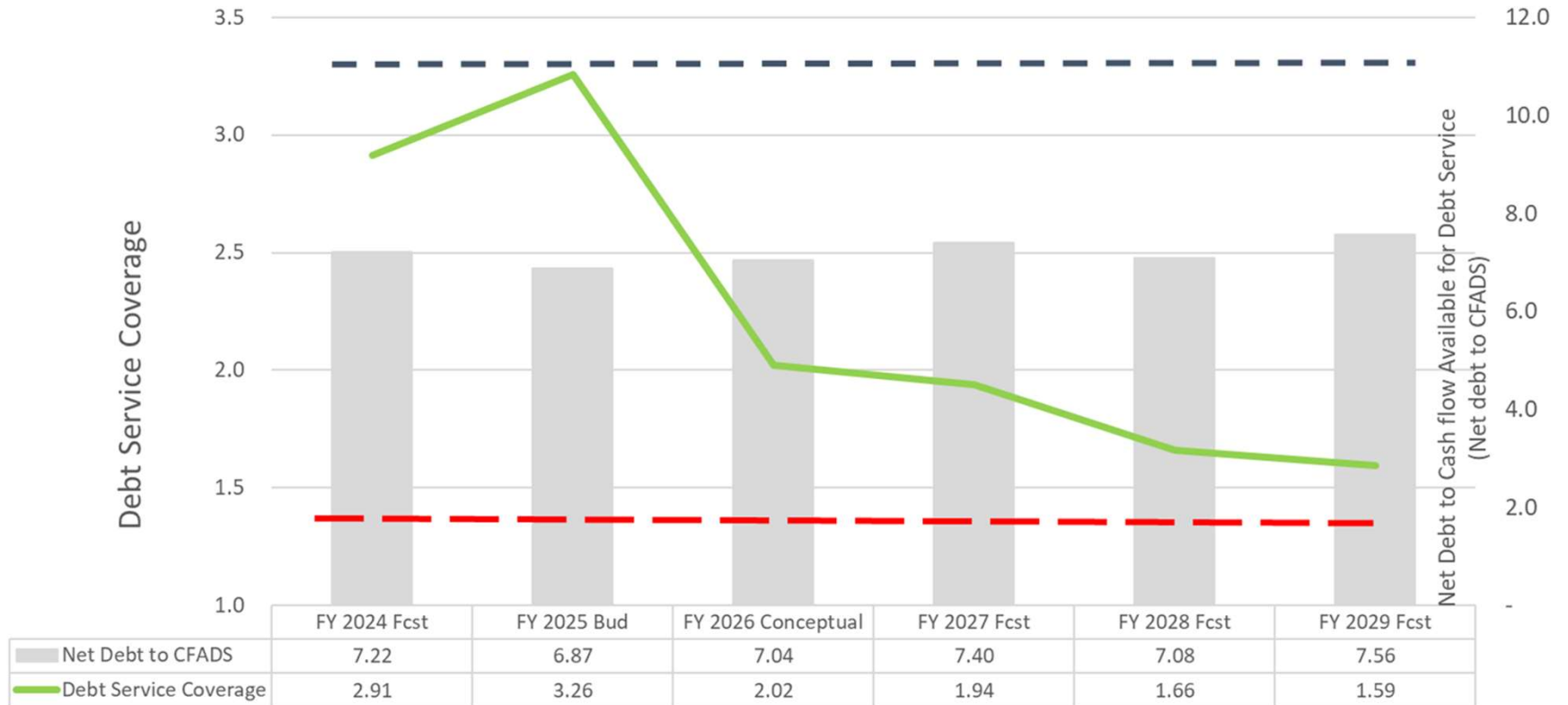
* as approved by the Board on 01/11/2024

** pending Board approval



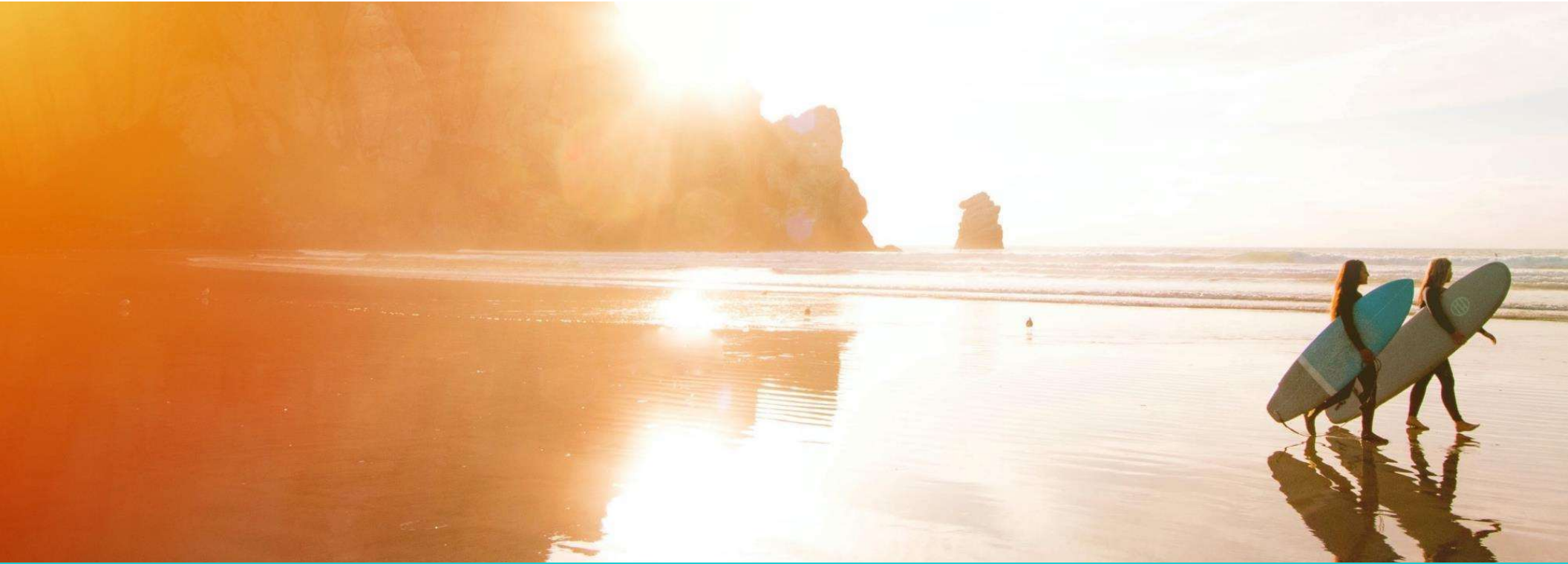
Plan of Finance Fiscal Years 2025 - 2029

Plan of Finance Metrics



— — — — Debt Policy target ratio: 8-11x (line represents upper range)

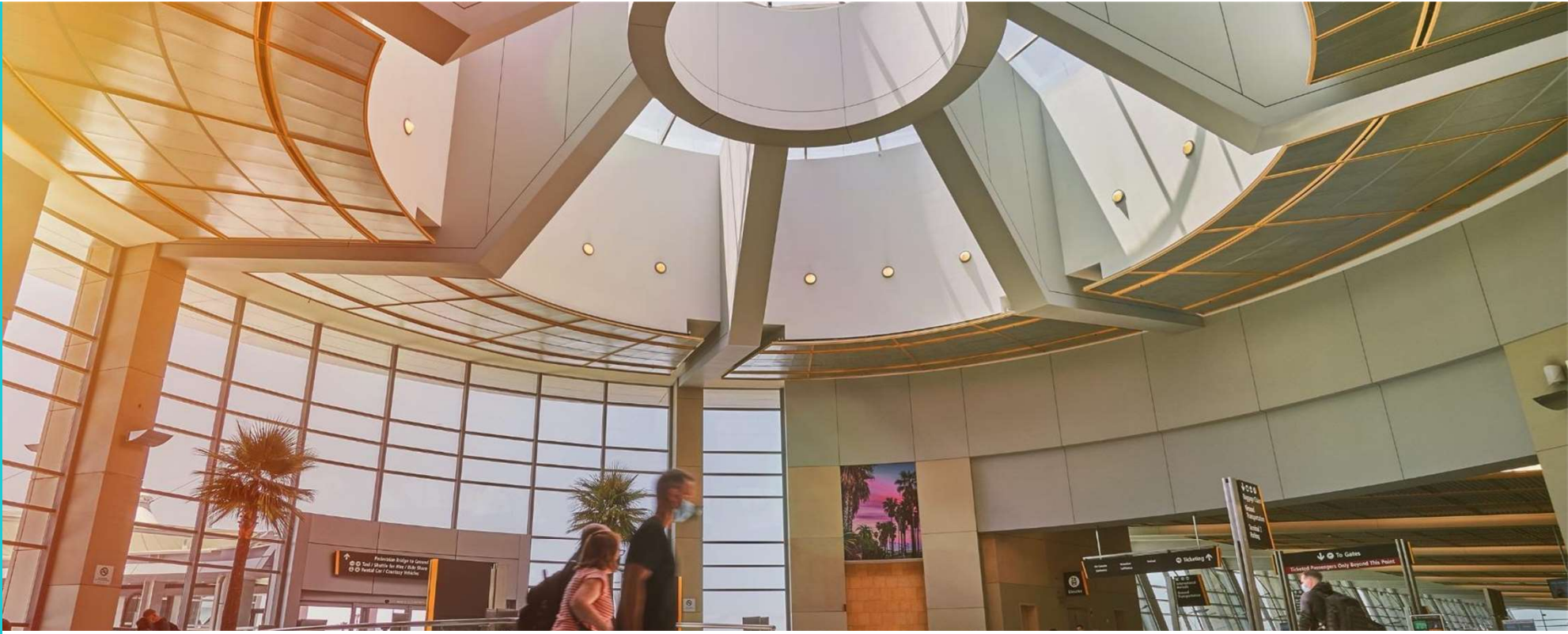
— — — — Debt Policy target ratio: 1.4x coverage



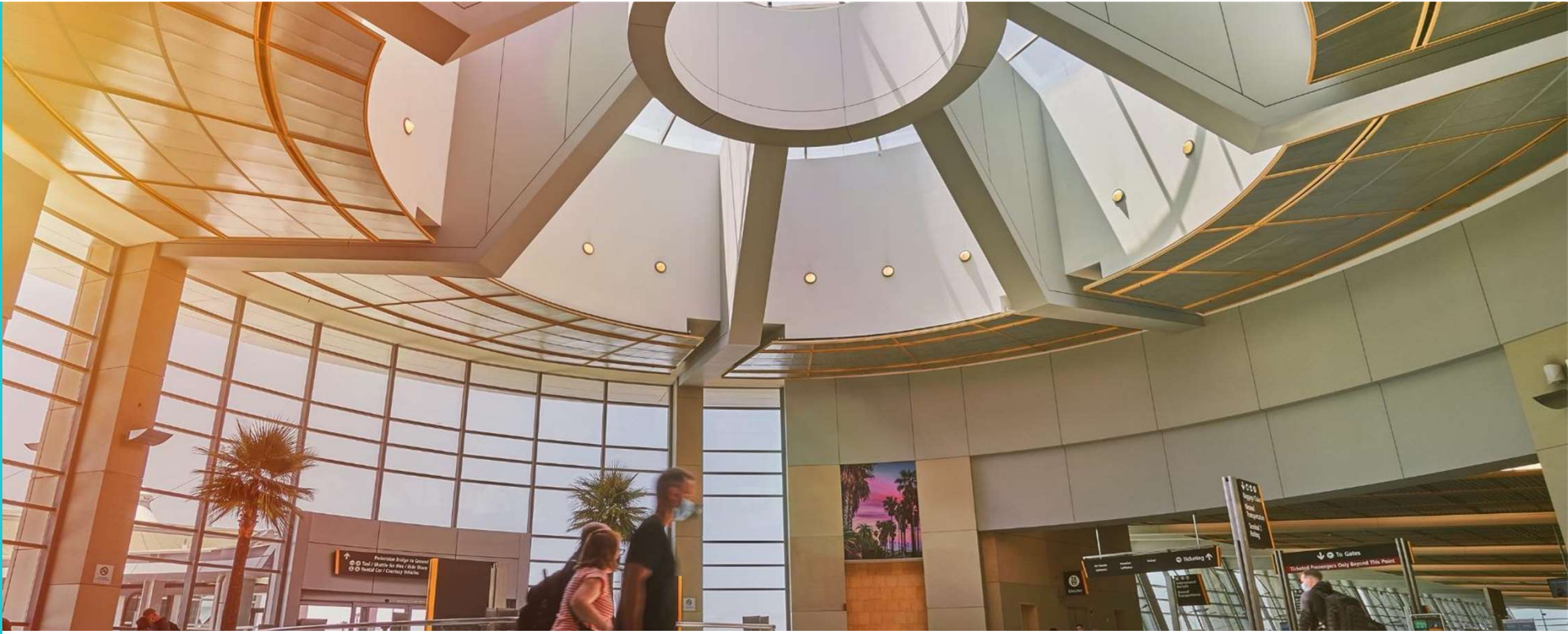
Conclusion

Conclusion

- Follows the Authority's legislative and regulatory mandates
- Includes funds for operational expenses to manage the Airport
- Reflects collaboration with business stakeholders
- Demonstrates the discipline necessary to remain a sustainable enterprise
- Supports efforts to advance a five-year Capital Plan
- Provides resources to continue with New T1 construction and activation
- Allocates funding to execute technology initiatives
- Provides resources to continue cultivating our culture



Questions?



Thank You!