

City of Austin, Aviation Department 2023-24 BUDGET

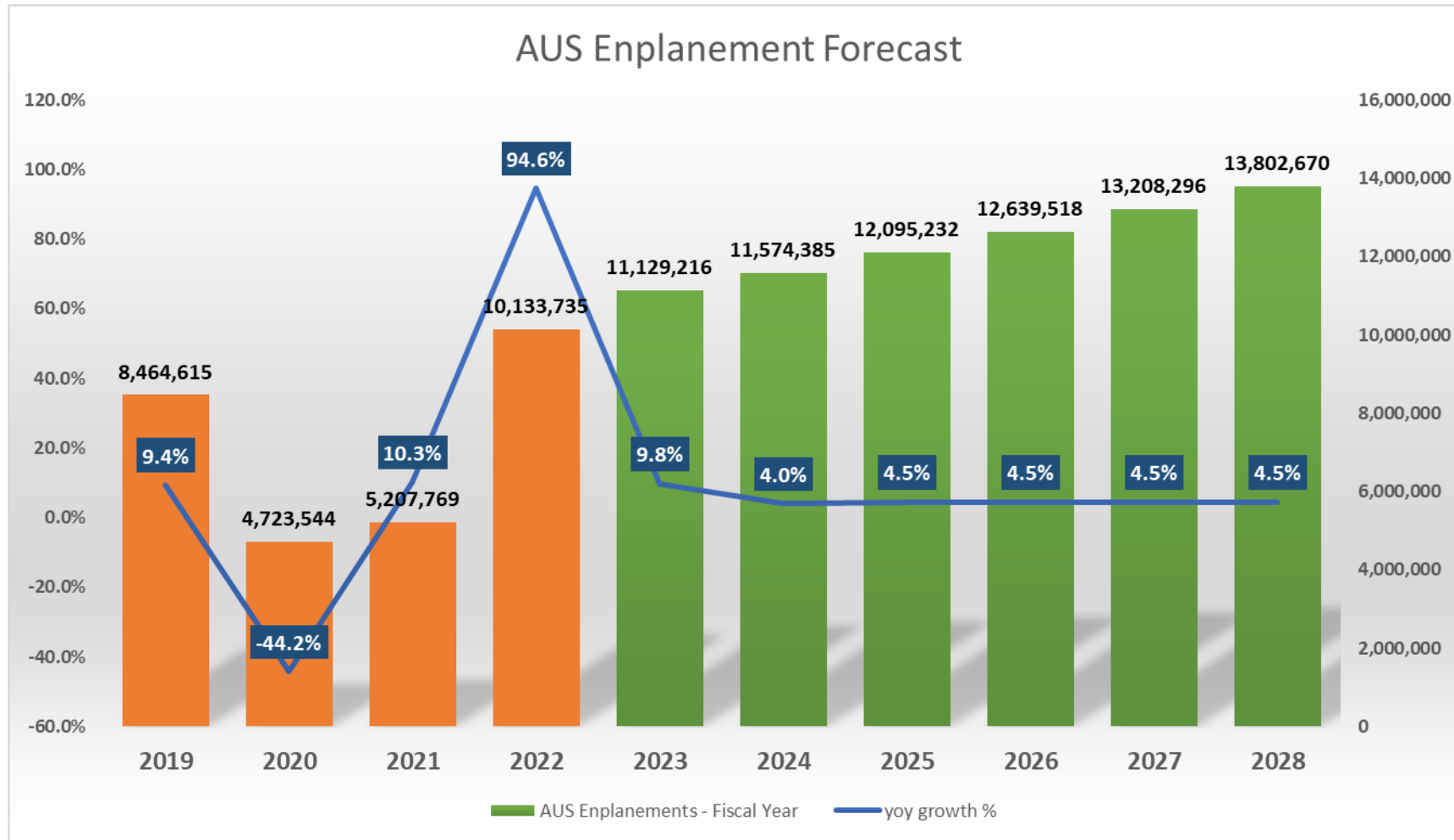
August 9, 2023



Austin-Bergstrom
International Airport



FY23 - 28 Enplaned Passenger Forecast



- The 9.8% increase in passengers for FY23 is based on a full year return of international and business travel versus FY22
- Slow down due to recessionary impact figured in growth for FY24

FY22 total passengers were 3.3m or 19.7% higher over FY19

FY24 – Revenues (Assumptions and Drivers)

Assumptions:



- Total Revenue per enplanement metric rising above \$24. FY22 actual was \$23.16. CYE FY23 projected at \$23.86.
- Interest income rising due to increase in treasury rates.
- Landed weights – no significant change versus FY23.
- Terminal rental rates increase due to higher O&M costs and debt service.
- Rental car average daily rates are expected to be high compared to pre-pandemic.
- Advertising revenue going up based on the new contract with Clear Channel.
- Parking revenue driven by enplanements and \$2 increase.
- Other revenues continue at existing annual rate increases.

FY24 – Revenues

AIRLINE REVENUE

Landing Fees
Terminal Rental & Other Fees

TOTAL AIRLINE REVENUE

yoy growth %

NON-AIRLINE REVENUE

Parking
Ground Transportation
Rental Cars
Food, Bev & Retail
Advertising
Other Rentals and Fees

TOTAL NON-AIRLINE REVENUE

yoy growth %

Interest Income

TOTAL INTEREST INCOME & BOND PROCEEDS




TOTAL REVENUE

yoy growth %

Revenue per enplanement

Aero Rev/Enplaned Pax

Non-Aero Rev/Enplaned Pax

	Actual 2021-2022	Budget 2022-2023	CYE 2022-2023	Proposed 2023-2024
Landing Fees	35,899,613	47,662,161	42,222,948	47,227,041
Terminal Rental & Other Fees	64,529,995	63,961,021	77,835,737	91,892,750
TOTAL AIRLINE REVENUE	100,429,608	111,623,182	120,058,685	139,119,791
yoy growth %	32.88% 	11.15%	19.55%	24.63%
Parking	58,743,027	58,014,902	63,974,674	67,567,206
Ground Transportation	8,387,495	8,272,870	8,865,716	8,940,600
Rental Cars	19,901,229	17,549,148	20,832,849	20,911,887
Food, Bev & Retail	22,386,313	19,758,100	23,404,884	23,278,492
Advertising	3,390,230	2,813,205	4,465,632	4,906,850
Other Rentals and Fees	20,495,812	18,978,916	21,470,943	21,992,777
TOTAL NON-AIRLINE REVENUE	133,304,106	125,387,141	143,014,698	147,597,812
yoy growth %	78.40% 	-5.94%	7.28%	17.71%
Interest Income	933,278	115,000	2,424,472	2,491,042
TOTAL INTEREST INCOME & BOND PROCEEDS	933,278	115,000	2,424,472	2,491,042
TOTAL REVENUE	234,666,992	237,125,323	265,497,855	289,208,645
yoy growth %	56.01% 	1.05%	13.14%	21.96%
Revenue per enplanement	\$23.16	\$20.64	\$23.86	\$24.99
Aero Rev/Enplaned Pax	\$9.91	\$9.72	\$10.79	\$12.02
Non-Aero Rev/Enplaned Pax	\$13.15	\$10.91	\$12.85	\$12.75

➤ FY22 revenue per enplanement = \$23.16

➤ FY24 increase in revenue per enplanement driven by airline revenues. Change in debt methodology into rates and charges and 2022 issuance costs factored in to the rate base.



FY24 – Headcount

	<u>FTE</u>
FY22 Budgeted FTE	549
FY22 Budget Amendment - additions	80
Ending FY22 Amended Budgeted FTE's	629

FY23 Budgeted FTE - additional (23 for South Terminal)	55
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FTE's in FY23 Budget	684
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FY23 FTE vacancies budgeted - 186 first half; 126 second half
FY23 budgeted vacancy savings of (\$14.5M)

Reduction of FTE's over 24 months vacant	(5)
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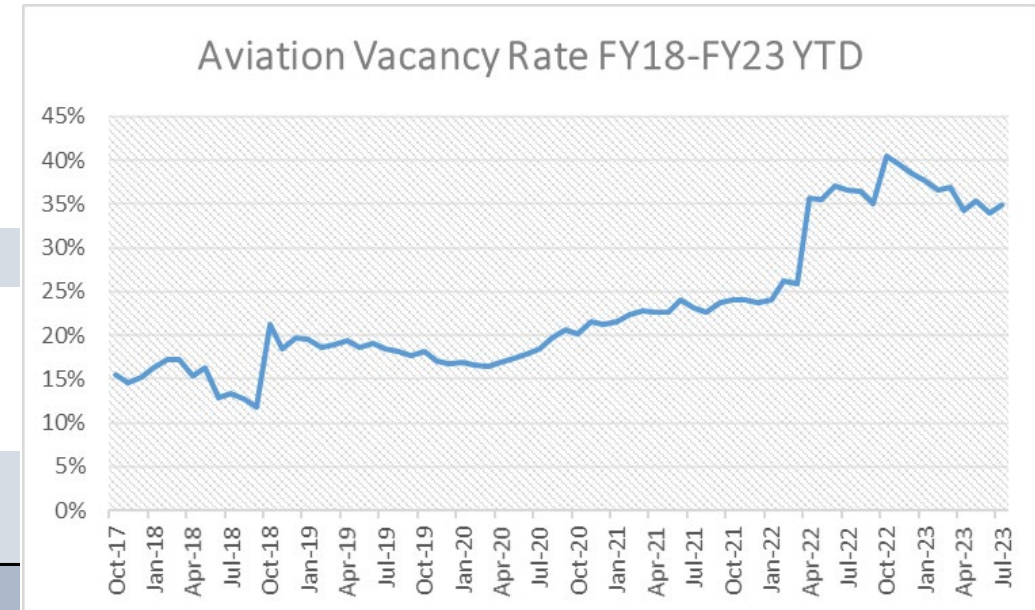
FTE's send to procurement for embedded team	(5)
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Budgeted FTE's for FY24 (No additions to FTE's in FY24)	674
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Vacancies as of July 15, 2023	235
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FY23 CYE vacancy savings expected to be (\$21.5M)

FY24 vacancy savings projected to be (\$17.3M)



FY24 – Airport OPEX without City Allocations

Airport Expenses	Actual	Budget	Current Year Estimate	Proposed
	2021-2022	2022-2023	2022-2023	2023-2024
OPERATING REQUIREMENTS				
Fac Mgmt, Ops and Airport Security	62,872,879	74,982,515	74,562,295	87,152,510
Airport Planning and Development	8,380,632	8,797,898	7,713,984	8,437,405
Support Services	29,933,001	42,490,011	36,021,765	47,641,369
Business Services	9,760,846	12,520,968	14,015,141	14,302,433
Grant Reimbursement - Federal	(6,831,395)	(9,228,308)	(8,921,369)	
TOTAL OPERATING EXPENSES	104,115,964	129,563,084	123,391,816	157,533,717
<i>yoy growth %</i>	7.0%	24.4%	18.5%	21.6%
TOTAL OPERATING EXPENSES w/o Federal Relief	110,947,359	138,791,392	132,313,185	157,533,717
<i>yoy growth %</i>	10.8%	25.1%	19.3%	13.5%

Operating Expenses - FY24 v FY23.

- Compensation adjustments reflected in above numbers
- Federal relief fully drawn in FY23. No Cares, CRRRSA or ARPA relief in FY24 to offset parking expense or debt service
- FY22 and FY23 have seen higher operating expense increases due to inflation and increased activity at the airport
- FY24 - excluding the legal expense and Vanderlande contract; airport operating expenses are increasing 7% year over year

FY24 – Expense Increases

Personnel costs driven by temporary employees and insurance costs , 4% wage increase (\$1.61M)

New BHS service contract - \$5.5M. Recovered through airline revenues.

Legal Fees increasing - \$3M

Parking expense increase driven by parking management contract to handle higher passenger levels - \$1.47M

High vacancy rates in janitorial services offset with staff augmentation - \$1.5M

IT expense increase due to software subscription renewals, cybersecurity requirements and 3 year software contract payments made in 1st year - \$1.46M

Building Maintenance increase in fire alarm inspections and maintenance contract, increased equipment repair costs, rebuild of chiller and staff augmentation - \$1.5M

Utilities cost increasing due to rate increases and usage - \$0.5M

APD Overtime increase of \$300k to offset vacant FTE's, 4% wage increase effective April 2023 - \$0.75M

Budget FY23

\$138.79

Personnel

Wage increase/promos partial offset by vacancy	\$1.61
Overtime	\$0.29
Temporary Employees	\$0.44
Eliminated Positions (5)	(\$0.56)
Insurance Costs	\$0.85
Retirement Contributions	\$0.42
Loaned/Retention/Gainsharing/Other	(\$1.61)
	\$1.44

Contractuals

BHS - Vanderlande	\$5.50
Legal Fees	\$3.00
Parking	\$1.47
Janitorial Staff Augmentation	\$1.50
IT	\$1.46
Building Maintenance	\$1.50
Ramp Control	\$0.40
APD	\$0.82
Utilities	\$0.52
Misc:	\$0.39
	\$16.56

Commodities

\$0.66

Non-CIP Capital

\$0.08

Total

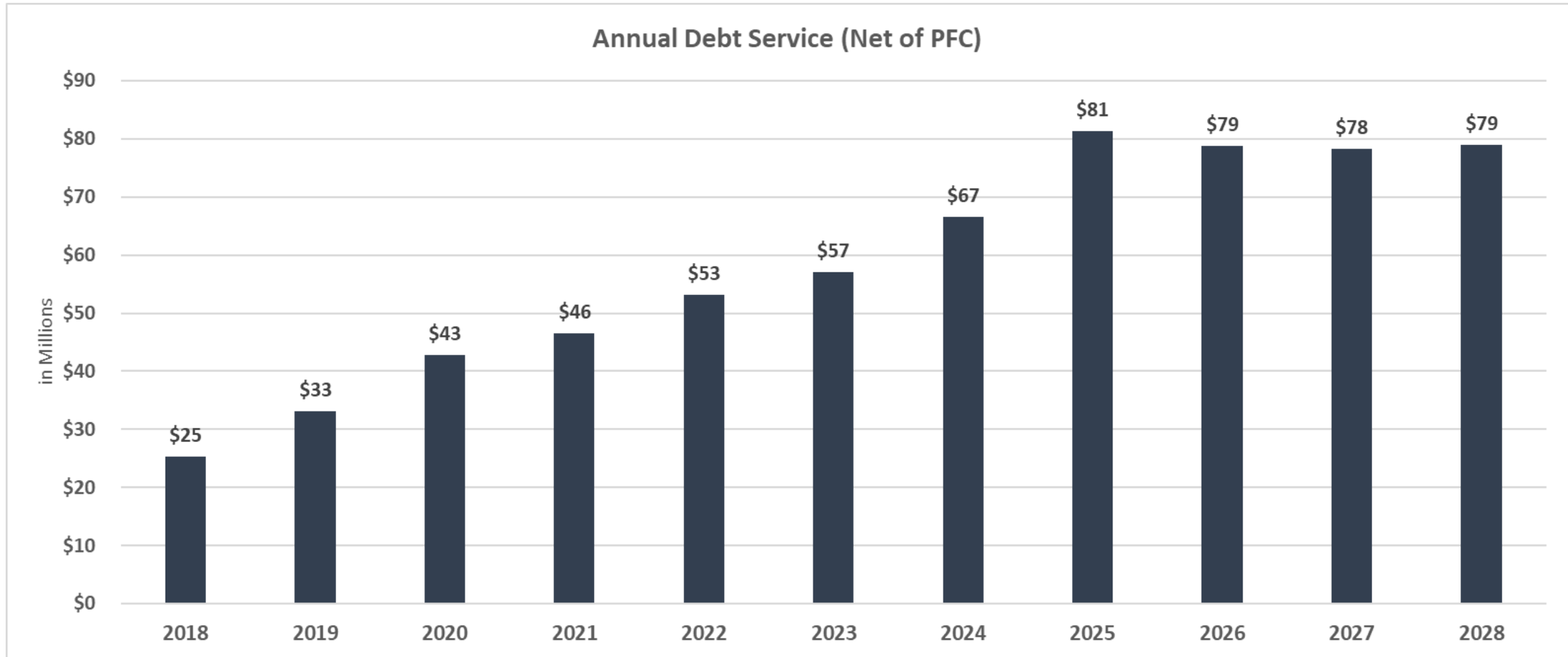
\$18.74

Budget FY24

\$157.53



FY24 – Annual Debt Service



- Increase in debt service due to 2022 issuance costs
- No future debt issuance is being accounted for



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FY24 – Financial Statement Summary

FY24 Budget (in millions)

	FY22 ACT	FY23 BUD	FY23 CYE	FY24 BUD	FY24 BUD v FY23 CYE Var B/(W)	FY24 BUD v FY23 CYE Var %	FY24 BUD v FY23 BUD Var B/(W)	FY24 BUD v FY23 BUD Var %
Revenue								
Airline Revenue	\$100.4	\$111.6	\$120.1	\$139.1	\$19.1	16%	\$27.5	25%
Non Airline Revenue	\$133.3	\$125.4	\$143.0	\$147.6	\$4.6	3%	\$22.2	18%
Interest	\$0.9	\$0.1	\$2.4	\$2.5	\$0.1	3%	\$2.4	2066%
Total Revenue	\$234.7	\$237.1	\$265.5	\$289.2	\$23.7	9%	\$52.1	22%
Operating Expenses								
Operating Expenses - Aviation	\$110.9	\$138.8	\$132.3	\$157.5	(\$25.2)	19%	(\$18.7)	14%
Operating Expenses - City	\$11.7	\$11.6	\$11.6	\$11.7	(\$0.2)	2%	(\$0.2)	2%
Operating Reserve	\$0.0	\$4.4	\$4.6	\$4.7	(\$0.1)	2%	(\$0.3)	7%
Federal relief	(\$36.5)	(\$30.0)	(\$39.6)	\$0.0	(\$39.6)	-100%	(\$30.0)	-100%
Debt Service (Net of PFC)	\$53.2	\$57.3	\$57.3	\$66.6	(\$9.3)	16%	(\$9.3)	16%
Total Requirements	\$139.4	\$182.0	\$166.1	\$240.6	(\$74.5)	45%	(\$58.6)	32%
Net Income	\$95.3	\$55.1	\$99.4	\$48.6	(\$50.8)	-51%	(\$6.5)	-12%
Enplanements	10,133,735	11,488,054	11,129,216	11,574,385	445,169	4%	86,331	1%

Lower net income
in FY24 due to
higher expenses,
less federal relief
application and
higher debt
service

CIP - Aviation



FY24 – CIP Spending Plan

FY24 Capital Spend Breakdown

	<u>Amount</u>
AEDP	196,202,606
Renewal and Replacements	18,417,317
IT	11,547,000
Vehicles and Equipment	7,155,923
AIPP	2,633,610
Total	235,956,456



AEDP

- BHS
- West Gate Expansion
- Midfield Taxiways
- Concourse B

IT

- Self Service Passenger Processing Tech
- Virtual Ramp Control
- Security System Upgrades/CCTV Camera Upgrades
- IT Master Plan Refresh

R&R

- BHS Bag Make up Unit replacement
- FIS Improvements
- Storm water Improvements
- T-Hanger roof replacements

Vehicles

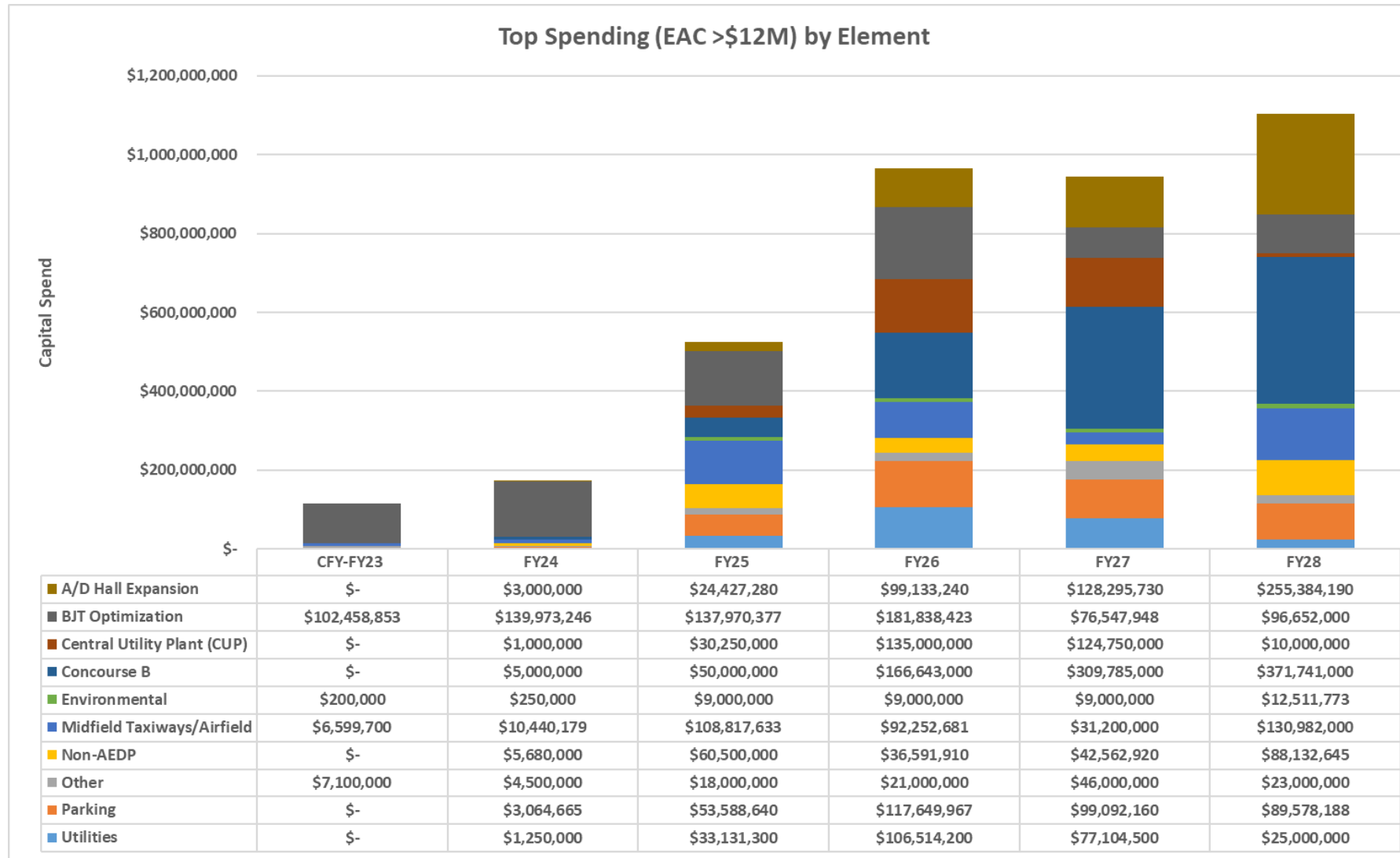
- Parking Shuttle replacements
- Landside and Airside vehicles



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FY24-28 CIP Spend by Element



- Earlier year spend primarily dominated by BJT optimization
- Later year spend is predominantly on Concourse B and A/D Hall

Note: This shows only projects greater than \$12M estimated at completion

THANK YOU



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