

Special Board Meeting Agenda

Thursday, May 18, 2023
9:00 A.M.

San Diego Regional Airport Authority
Administration Building
Third Floor – Board Room
3225 N. Harbor Drive
San Diego, California 92101

Board Members

Gil Cabrera (Chair)
Mary Casillas Salas (Vice Chair)
Nathan Fletcher
Lidia S. Martinez
Paul McNamara
Rafael Perez
Esther C. Sanchez
James Sly
Marni von Wilpert

Ex-Officio Board Members

Col. Thomas Bedell
Gustavo Dallarda
Gayle Miller

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 18, 2023

Page 2 of 3

CALL TO ORDER:

PLEDGE OF ALLEGIANCE:

ROLL CALL:

BUDGET WORKSHOP:

- 1. DISCUSSION REGARDING THE SAN DIEGO COUNTY REGIONAL AIRPORT AUTHORITY FISCAL YEAR 2024 PROPOSED BUDGET AND FISCAL YEAR 2025 PROPOSED CONCEPTUAL BUDGET:**
RECOMMENDATION: Discuss the Fiscal Year 2024 Proposed Budget and Fiscal Year 2025 Proposed Conceptual Budget.
(Finance & Risk Management: John Dillon, Director; Maya Dayan, Director, Capital Financial Planning and Airline Relations)

BOARD COMMENT:

ADJOURNMENT:

Thursday, May 18, 2023

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 an email to the Clerk at clerk@san.org 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 an email 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 Board meeting, parking is available in the public parking lot located directly in front of the Administration Building. Bring your ticket to the third-floor receptionist for validation.

You may also reach the SDCRAA Building by using public transit via the San Diego MTS System, Route 992. For route and fare information, please call the San Diego MTS at (619) 233-3004 or 511.

San Diego County Regional Airport Authority FY 2024 Proposed Budget & FY 2025 Proposed Conceptual Budget

Budget Workshop

May 18, 2023



Agenda

1. Purpose and Culture
2. Strategic Plan
3. Economic, Industry and Credit Overview
4. Budget Process
5. Budget Overview
 - Revenue
 - Expenses
6. Budget Summary
7. Capital Program Budget
8. Plan of Finance FY 2024-2028
9. Conclusion





Purpose and Culture

Our Purpose

- Create an exceptional airport experience for our community and the world.

Our Culture

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



Strategic Plan

What Is the Strategic Plan

A blueprint to define our initiatives and actions that will advance the organization's purpose of creating an exceptional airport experience for our community and the world.

1. It gives clear directions to reach our destination.
2. Helps prioritize so we can do the right things at the right time.
3. Creates a clear plan and allows the team to track progress.

Our current strategic plan will extend at least through the completion of the first phase of the New T1.

Advance Airport Development

- Align facilities to meet demand, both international and domestic
- Develop strategic workforce plans and associated hiring strategy in preparation for the New T1 activation
- Evaluate multiple funding methods for the Capital Program (New T1 and CIP)
- Use technology to advance airport development

Transform the Customer Experience

- Define and deliver a seamless, unique, consistent airport and product experience
- Develop a future regional airport transportation plan that embraces technological advances
- Enhance the arts and cultural program through strategic community partnerships
- Raise awareness of significant projects
- Invest/participate in innovation that improves efficiency or enhances revenue
- Use technology to transform the customer experience

Optimize Ongoing Business

- Attract domestic and international airlines and passengers
- Implement the Sustainability Management Program
- Partner with state and federal wildlife agencies to address growth and protect the least tern habitat
- Execute regional engagement and education plan to communicate SAN's role in economic growth
- Continue to focus on programs to reduce noise impacts
- Ensure the Plan of Finance is flexible, nimble, and able to proactively address future changes
- Evaluate contracts and partnerships for opportunities to improve revenue and expense profile
- Institute business planning and strategic marketing process that evaluates return on investment
- Manage ongoing business effectively through change
- Use technology to optimize ongoing business

Cultivating Our Culture

- Create an effective succession and transition plan for ongoing leadership changes
- Develop leaders to be better coaches who enable independent decision-making
- Train and develop business-driven, agile, and collaborative capabilities
- Attract a new generation of diverse employees and leaders
- Develop compensation and benefits programs for a multi-generational workforce that recognizes individual strategic contributions

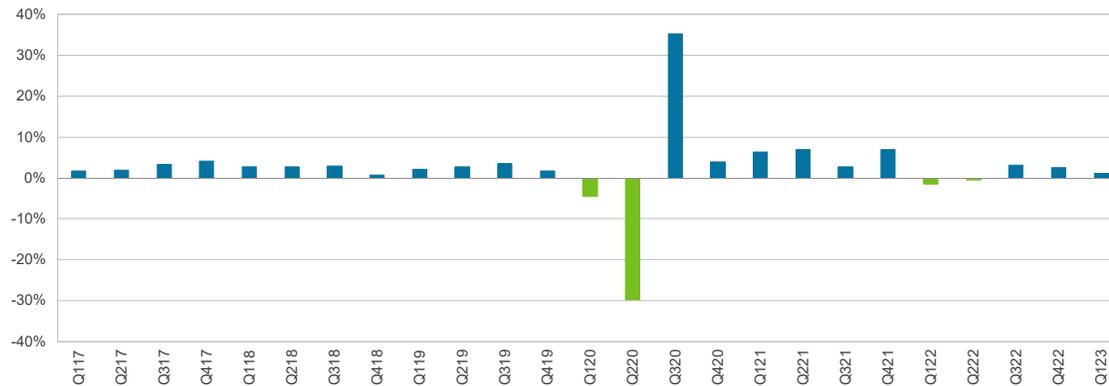


Economic, Industry and Credit Overview

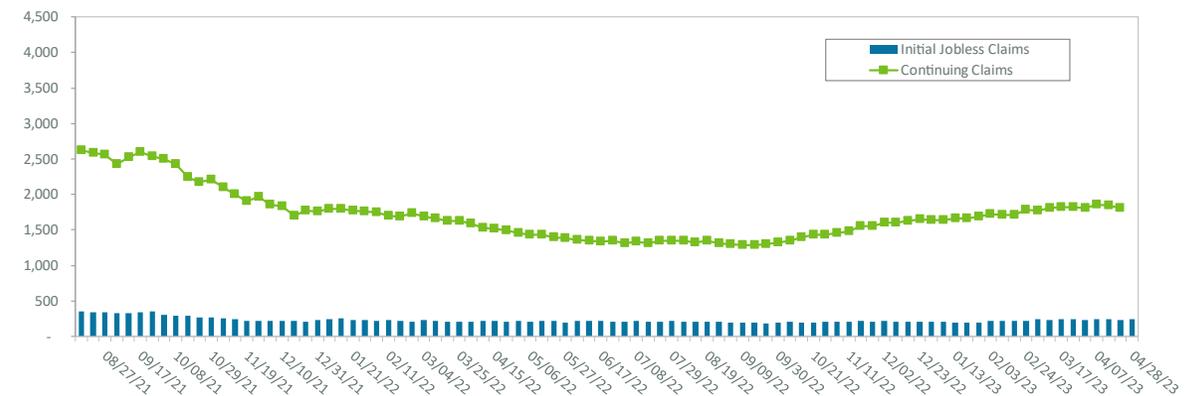
US Economy - GDP & Unemployment

- Main economic indicators:
 - 1st Quarter of 2023 U.S. GDP decreased at an annual rate of 1.1%
 - As of March 2023, U.S. unemployment claims decreased to 3.5% compared to 3.6% last year
 - As of March 2023, SD unemployment rate increased to 3.7% compared to 3.6% last year

U.S. Gross Domestic Product



U.S. Unemployment Rates



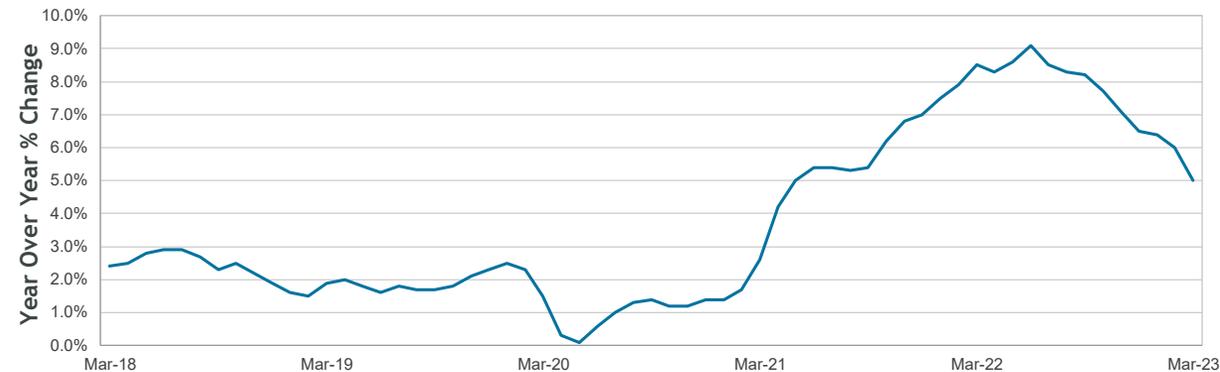
US Economy - Index & Inflation

- Calendar 2022 equity markets fell:
 - DJIA: 8.8%
 - S&P 500: 19.4%
- Inflation:
 - CPI for all items 5.0% YoY in March 2023

Dow Jones Industrial Avg. and S&P 500 Indices



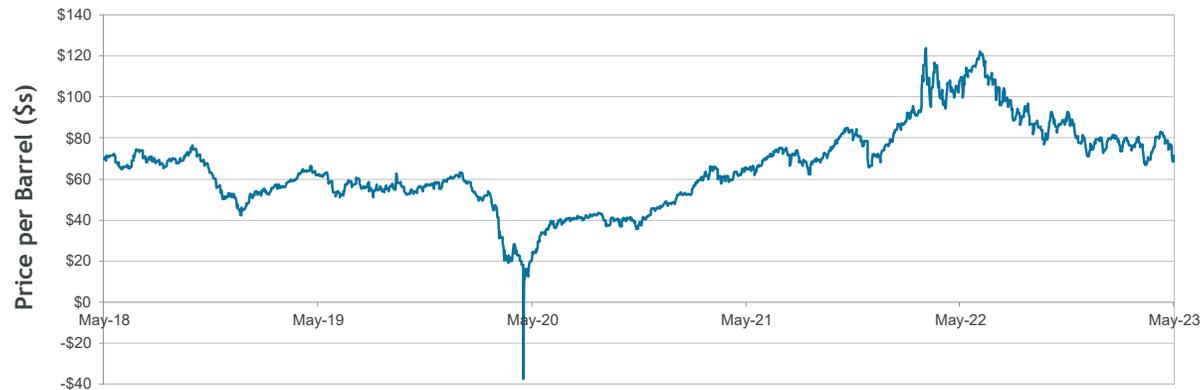
Consumer Price Index



Oil Prices & Interest Rates

- Current oil price trades in the \$71.34+/- range per barrel, below its 12-month average of \$87.25
- In 2022, Treasury yields have inclined 368 basis points on 2-year Treasury and 273 basis points on 5-year Treasury.

WTI Crude Oil Price (Per Barrel)



U.S. Treasury Yields



Rating Agencies Airport Industry Outlook

Fitch: Maintains a “Neutral” Outlook

Moody’s: Revised Outlook to “Stable” from “Positive”

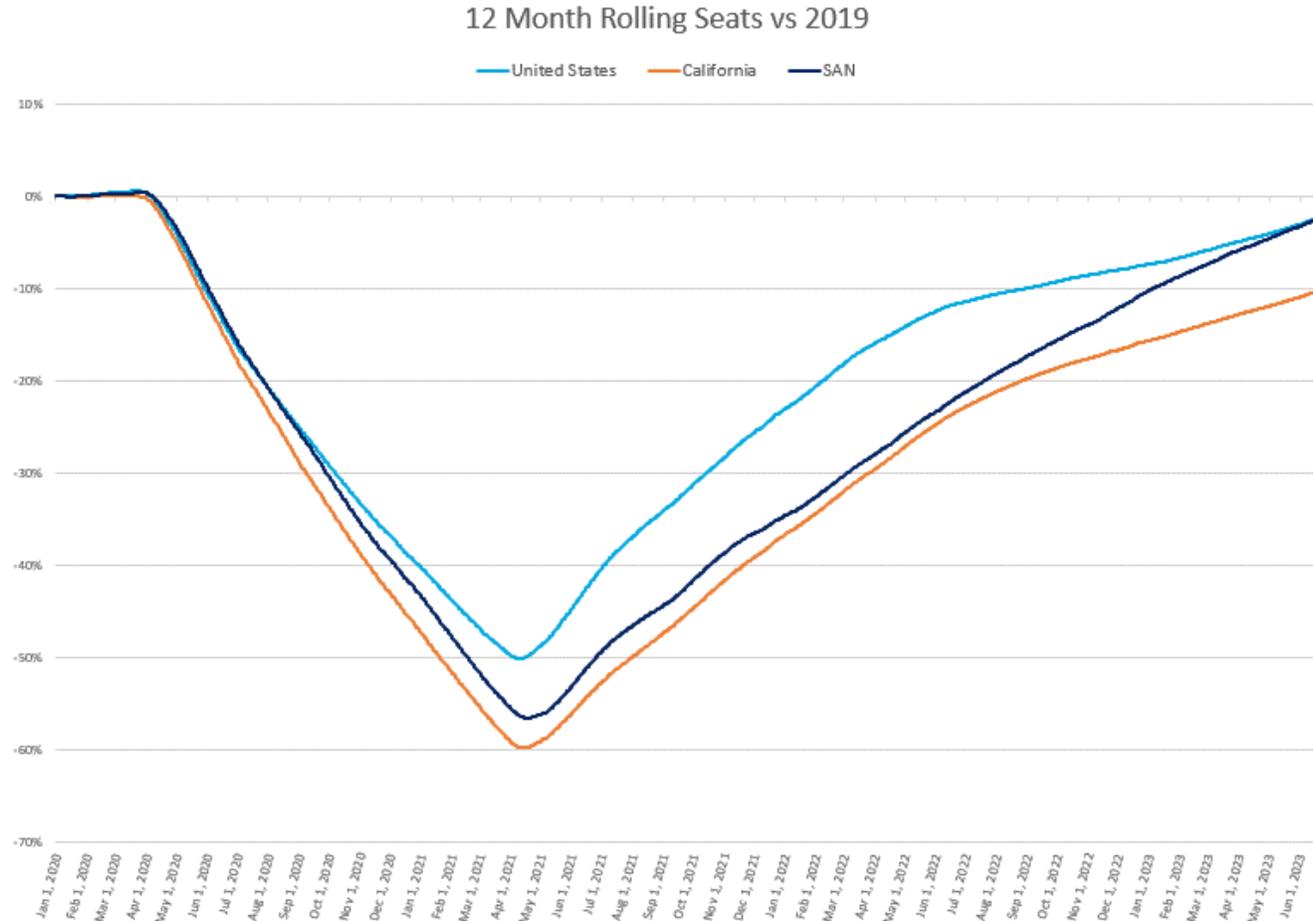
S&P: Revised Outlook to “Stable” from “Positive”

Key Drivers:

- Strong demand for leisure travel, with improving business and international traffic offset by worsening macroeconomic outlook and airline capacity constraints
- Debt levels at U.S. airports to rise as capital plans resume and inflationary pressures and rising interest rates impact capital costs

	SDCRAA Credit Ratings	
	Subordinate GARB	CFC Bonds
Fitch	A+ (Stable)	N/A
Moody’s	A2 (Stable)	A3 (Stable)
S&P	A (Stable)	BBB+ (Positive)

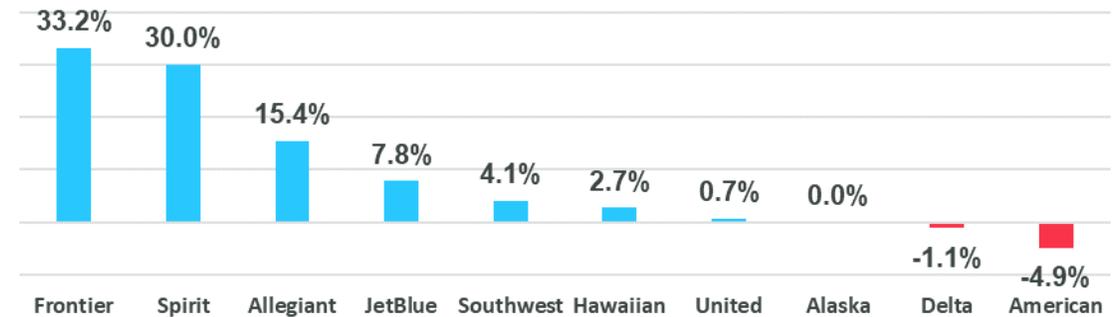
Seats Capacity Change- Nationwide and SAN



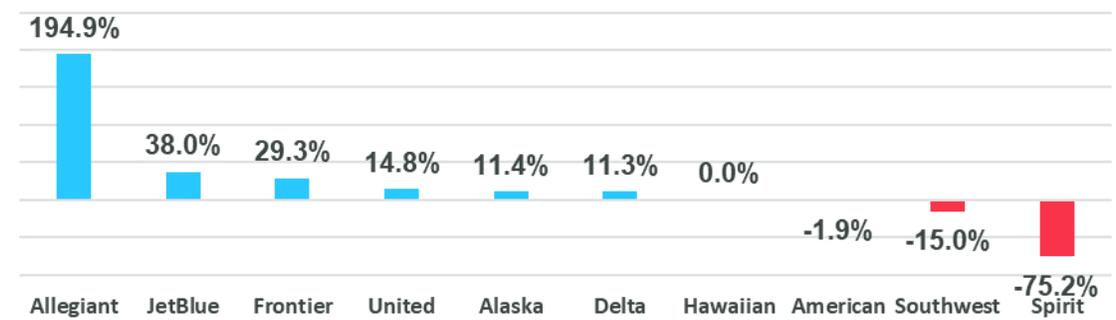
Airline Industry Overview

- Relative to pre-pandemic levels, ultra-low-cost carriers and JetBlue have grown the most
- Among 11 U.S. airlines, only Allegiant scheduled fewer seat miles in 2023 than in 2022
- The competitive presence of low-cost and ultra-low-cost carriers in domestic markets continues to expand

Change (%) in Systemwide Scheduled Available Seat Miles: 2Q 2023 vs. 2Q 2019



Change (%) in SAN Scheduled Available Seat Miles: 2Q 2023 vs. 2Q 2019



Airline Industry Overview

- **Potential Consolidation:** regulatory approval of JetBlue's acquisition of Spirit
 - A trial scheduled for October
 - The merger would create the 5th largest airline in terms of domestic capacity
- **Traffic Recovery:** U.S. airlines plan 15% more seats than last summer
 - International scheduled seats 19% higher than in 2022 and 97% of 2019 levels
- Fuel prices remain elevated
- **Labor Challenges:** A shortage of pilots and air traffic controllers
- Domestic airfares in Q4 2022 increased 28% from Q4 2021 and 16% from Q4 2019



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)

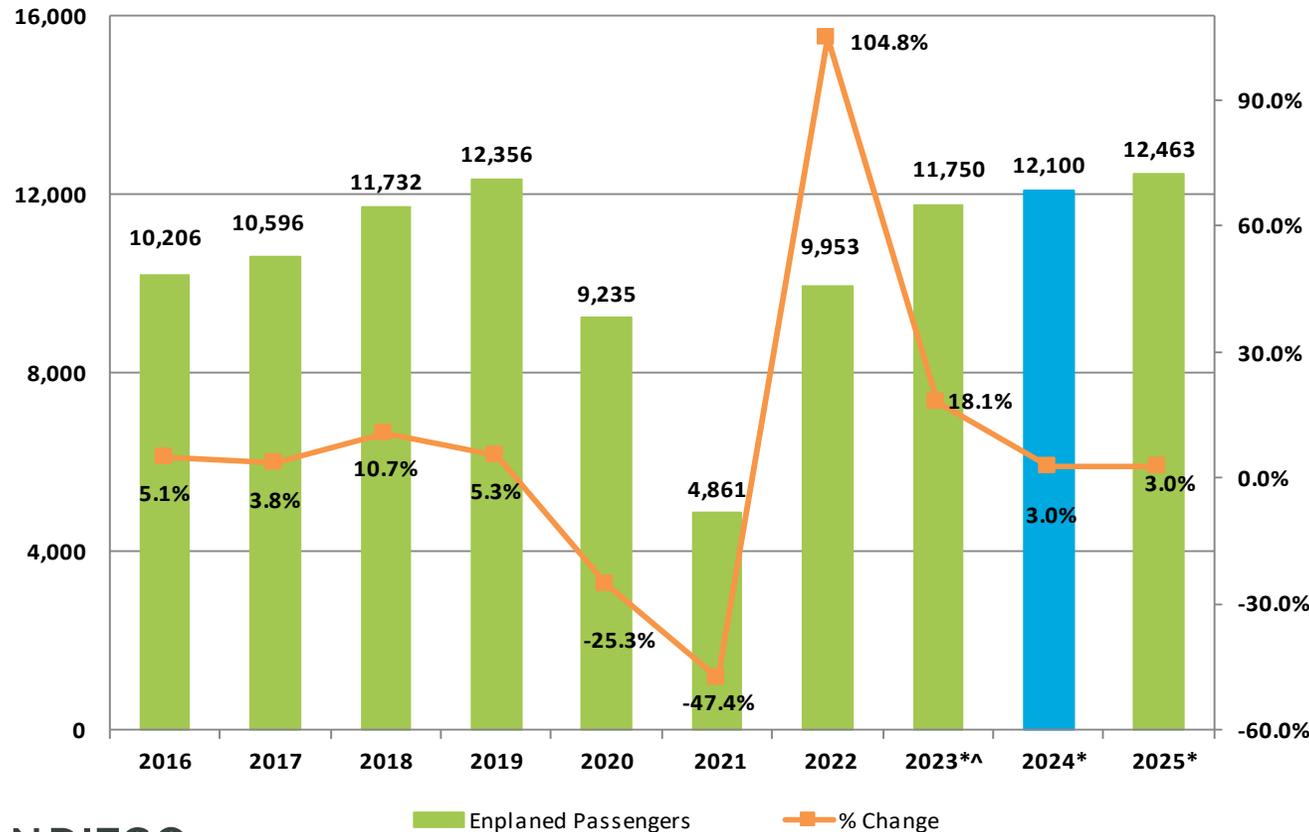


Revenue Budget Overview

Annual Enplaned Passenger Traffic

- FY 2024 Proposed Budget of 12.1M, 3.0% increase vs. FY 2023 Forecast of 11.75M and 19.4 % increase vs. FY 23 budget of 10.1M
- FY 2025 Proposed Conceptual Budget of 12.5M, 3.0% increase vs. FY 2024 Budget of 12.1M

(in thousands)



Fiscal Year	Enplaned Passengers	% Change
2015	9,713	-4.8%
2016	10,206	5.1%
2017	10,596	3.8%
2018	11,732	10.7%
2019	12,356	5.3%
2020	9,235	-25.3%
2021	4,861	-47.4%
2022	9,953	104.8%
2023*^	11,750	18.1%
2024*	12,100	3.0%
2025*	12,463	3.0%

^ FY23 forecast is 15.9% higher than FY23 budget

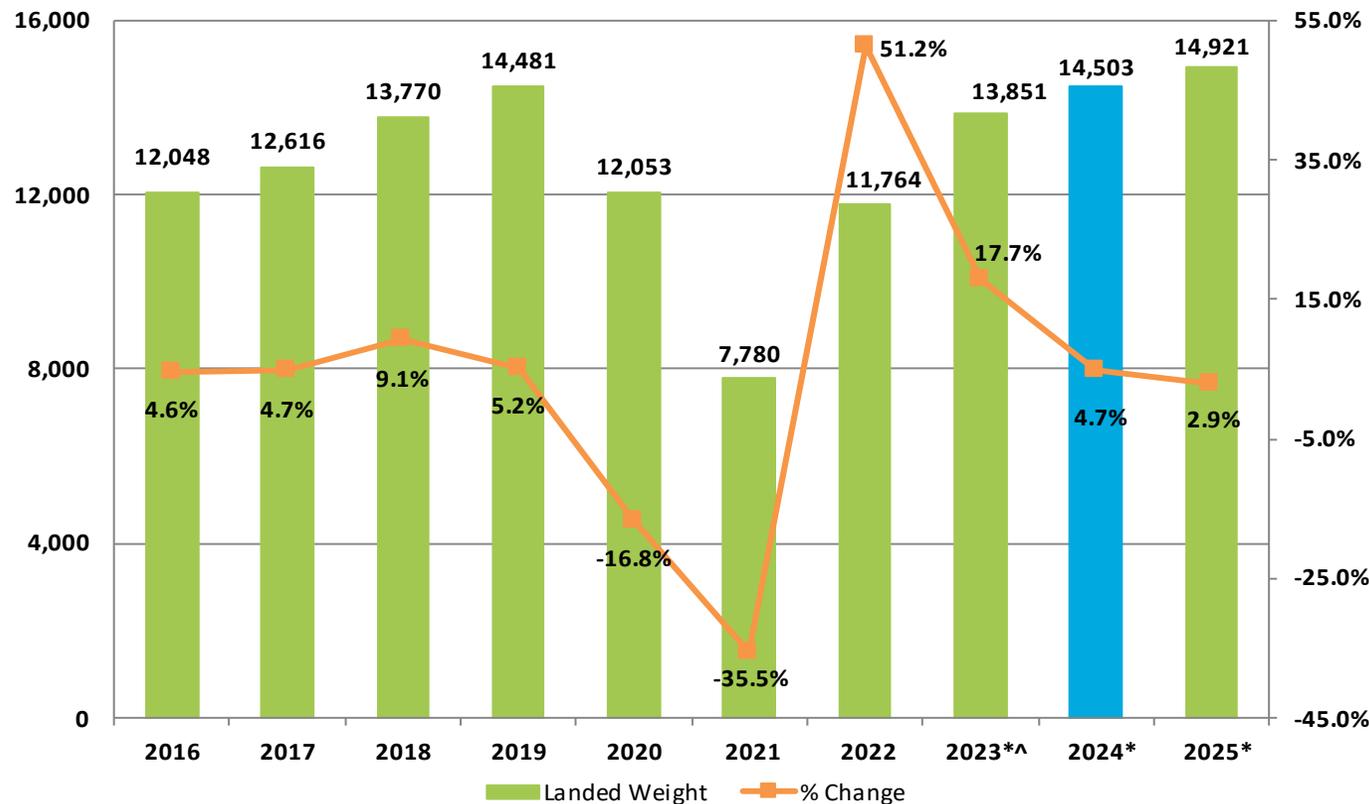


* Projected FY 2023, Budgeted FY 2024 & FY 2025

Landed Weight

- FY 2024 Proposed Budget of 14.5M, 4.7% increase vs. FY 2023 Forecast of 13.85M and 17.9% increase vs. FY 23 budget of 12.3M
- FY 2025 Proposed Conceptual Budget of 14.9M, 2.9% increase vs. FY 2024 Budget of 14.5M

(in millions)



Fiscal Year	Landed Weight	% Change
2015	11,524	3.0%
2016	12,048	4.6%
2017	12,616	4.7%
2018	13,770	9.1%
2019	14,481	5.2%
2020	12,053	-16.8%
2021	7,780	-35.5%
2022	11,764	51.2%
2023*^	13,851	17.7%
2024*	14,503	4.7%
2025*	14,921	2.9%

^ FY23 forecast is 12.6% higher than FY23 budget

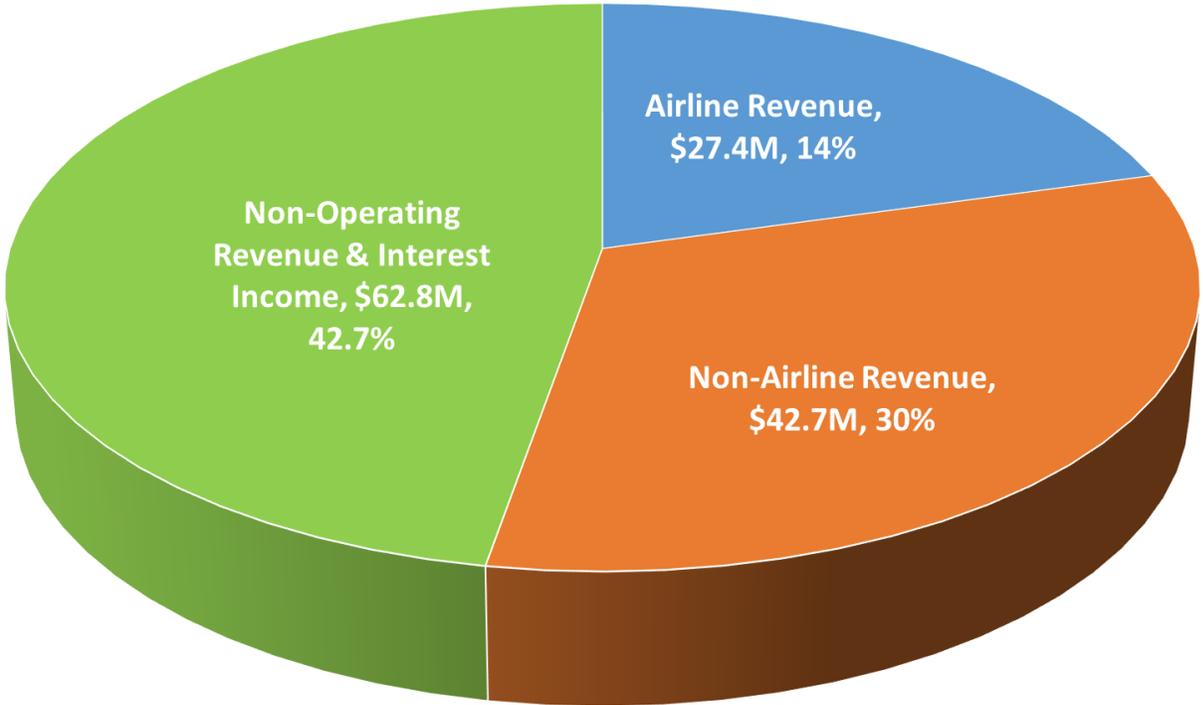
FY 2024 - FY 2025 Proposed Revenue Budget Summary

(in thousands)

	FY2021 Actuals	FY2022 Actuals	FY2023 Budget	FY2024 Proposed Budget	Inc / (Dec) FY24 vs FY23 Budget	% Change	FY2025 Conceptual Budget	Inc / (Dec) FY25 Conceptual vs FY24 Budget	% Change
Operating Revenue									
Airline Revenue									
Landing Fees	\$34,046	\$35,354	\$45,581	\$53,621	\$8,040	17.6%	\$59,378	\$5,757	10.7%
Aircraft Parking Fees	8,542	8,856	11,395	13,405	2,010	17.6%	14,844	1,439	10.7%
Building Rentals	83,090	97,047	133,213	148,651	15,438	11.6%	151,088	2,437	1.6%
Common Use Fees	7,369	8,231	11,105	10,185	(920)	-8.3%	10,210	25	0.2%
Other Aviation Revenue	823	(1,713)	(5,186)	(2,343)	2,843	-54.8%	(1,454)	889	-37.9%
Total Airline Revenue	133,870	147,775	196,108	223,519	27,411	14.0%	234,066	10,547	4.7%
Non-Airline Revenue									
Terminal Rent Non-Airline	2,514	2,567	2,592	2,589	(4)	-0.1%	2,599	10	0.4%
Terminal Concessions	21,459	43,165	24,358	32,697	8,339	34.2%	33,799	1,102	7.2%
Rental Car License Fees	16,973	38,647	33,616	40,951	7,335	21.8%	42,178	1,227	3.0%
License Fees - Other	3,369	6,326	6,275	8,299	2,025	32.3%	8,551	252	3.0%
Parking Revenue	22,238	44,181	35,349	52,215	16,866	47.7%	68,408	16,193	31.0%
Ground Transportation Permits and Citations	5,209	12,894	14,335	20,287	5,952	41.5%	22,017	1,730	8.5%
Ground Rentals	16,663	20,699	23,776	25,832	2,057	8.7%	26,252	419	1.6%
Grant Reimbursements	344	325	296	296	-	0.0%	296	-	0.0%
Other Operating Revenue	1,336	2,674	1,691	1,789	97	5.8%	1,800	11	0.6%
Total Non-Airline Revenue	90,104	171,479	142,288	184,955	42,668	30.0%	205,899	20,944	11.3%
Total Operating Revenue	223,974	319,254	338,396	408,474	70,079	20.7%	439,965	31,491	7.7%
Interest Income	13,471	19,683	24,072	43,915	19,844	82.4%	49,654	5,739	13.1%
Non-Operating Revenue									
Passenger Facility Charges	22,110	40,394	40,078	45,854	5,777	14.4%	47,229	1,374	3.0%
Customer Facility Charges	15,755	30,333	31,284	34,544	3,260	10.4%	35,580	1,036	3.0%
Quieter Home Program	12,293	14,393	19,065	19,663	598	3.1%	20,028	365	1.9%
Capital Grant Contributions	13,932	12,958	32,592	65,934	33,342	102.3%	68,636	2,702	4.1%
Total Non-Operating Revenue	131,898	122,164	123,019	165,995	42,976	34.9%	171,472	5,477	3.3%
Total Revenue	\$369,344	\$461,101	\$485,486	\$618,385	\$132,899	27.4%	\$661,091	\$42,707	6.9%

FY 2024 Budget Revenue Increase vs FY 2023 Budget

Total Increase \$132.9M; 27.4%



FY 2024 Airline Revenue Increase

(in thousands)

Operating Revenue

Airline Revenue

Landing Fees

Aircraft Parking Fees

Building Rentals

Common Use Fees

Other Aviation Revenue

Total Airline Revenue

	FY2023 Budget	FY2024 Proposed Budget	Inc / (Dec) FY24 vs FY23 Budget	% Change
Landing Fees	\$45,581	\$53,621	\$8,040	17.6%
Aircraft Parking Fees	11,395	13,405	2,010	17.6%
Building Rentals	133,213	148,651	15,438	11.6%
Common Use Fees	11,105	10,185	(920)	-8.3%
Other Aviation Revenue	(5,186)	(2,343)	2,843	-54.8%
Total Airline Revenue	196,108	223,519	27,411	14.0%

- Increase in airfield and terminal operations expenses (\$8.2M)
- Reduction in Federal Relief funds applied to reduce Airline Rents, Fees and Charges (\$20M lower than FY23).
- Increase in Debt Service, Reserve and Amortization

FY 2024 Non-Airline Revenue Increase

(in thousands)

	FY2023 Budget	FY2024 Proposed Budget	Inc / (Dec) FY24 vs FY23 Budget	% Change
Non-Airline Revenue				
Terminal Rent Non-Airline	2,592	2,589	-\$4	-0.1%
Terminal Concessions	24,358	32,697	\$8,339	34.2%
Rental Car License Fees	33,616	40,951	\$7,335	21.8%
License Fees - Other	6,275	8,299	\$2,025	32.3%
Parking Revenue	35,349	52,215	\$16,866	47.7%
Ground Transportation Permits and Citations	14,335	20,287	\$5,952	41.5%
Ground Rentals	23,776	25,832	\$2,057	8.7%
Grant Reimbursements	296	296	\$0	0.0%
Other Operating Revenue	1,691	1,789	\$97	5.8%
Total Non-Airline Revenue	142,288	184,955	42,668	30.0%

- **Terminal Concessions:** increase of \$8.3M reflecting enplanements growth and Sales per Enplaned Passenger (SEP) adjustment based on current trends
- **Rental Car License Fees:** increase of \$7.3M reflecting enplanements growth
- **License Fees - Inflight & Ground Handling :** increase of \$2.0M due to increase in enplanements and services provided
- **Parking Revenue:** increase of \$16.9M due to increase in enplanements and impact of parking revenue management strategy implemented in March 2023
- **Ground Transportation Revenue:** increase of \$6.0M due to higher enplanements, greater utilization of services and fees adjustment for Transportation Network Companies (TNC) in FY24
- **Ground Rentals:** increase of \$2.1M due to CPI increase

Ground Transportation Revenue

Proposed Trip Fees	Base Fee	AFV ¹	Non-AFV	Drop-Off Fee	Pick-Up Fee
Taxi	\$ 3.97	\$ 2.98	\$ 7.94		✓
VFH ²	\$ 3.16	\$ 2.37	\$ 6.32		✓
TNC ³	\$ 4.00	N/A ⁴	N/A ⁴	✓	✓
Courtesy Modes ⁵	\$ 1.94	\$ 1.46	\$ 3.88		✓
Off-Airport Parking	\$ 1.94	\$ 1.46	\$ 3.88		✓
Off-Airport Rent-A-Car ⁶	\$ 200.00	\$ 150.00	\$ 400.00		
Charters ⁶	\$ 225.00	N/A	N/A		

¹ AFV = Alternative Fuel Vehicle

² VFH (vehicles for hire) = shuttle services such as Sea Breeze

³ TNCs (Transportation Network Companies) companies = Uber, Lyft, Wingz, Opoli. They are under a three-year contract from Jul-22 thru Jun-25 with the per trip pricing fee as follows: FY23 \$3.75, FY24 \$4.00, FY25 \$4.25

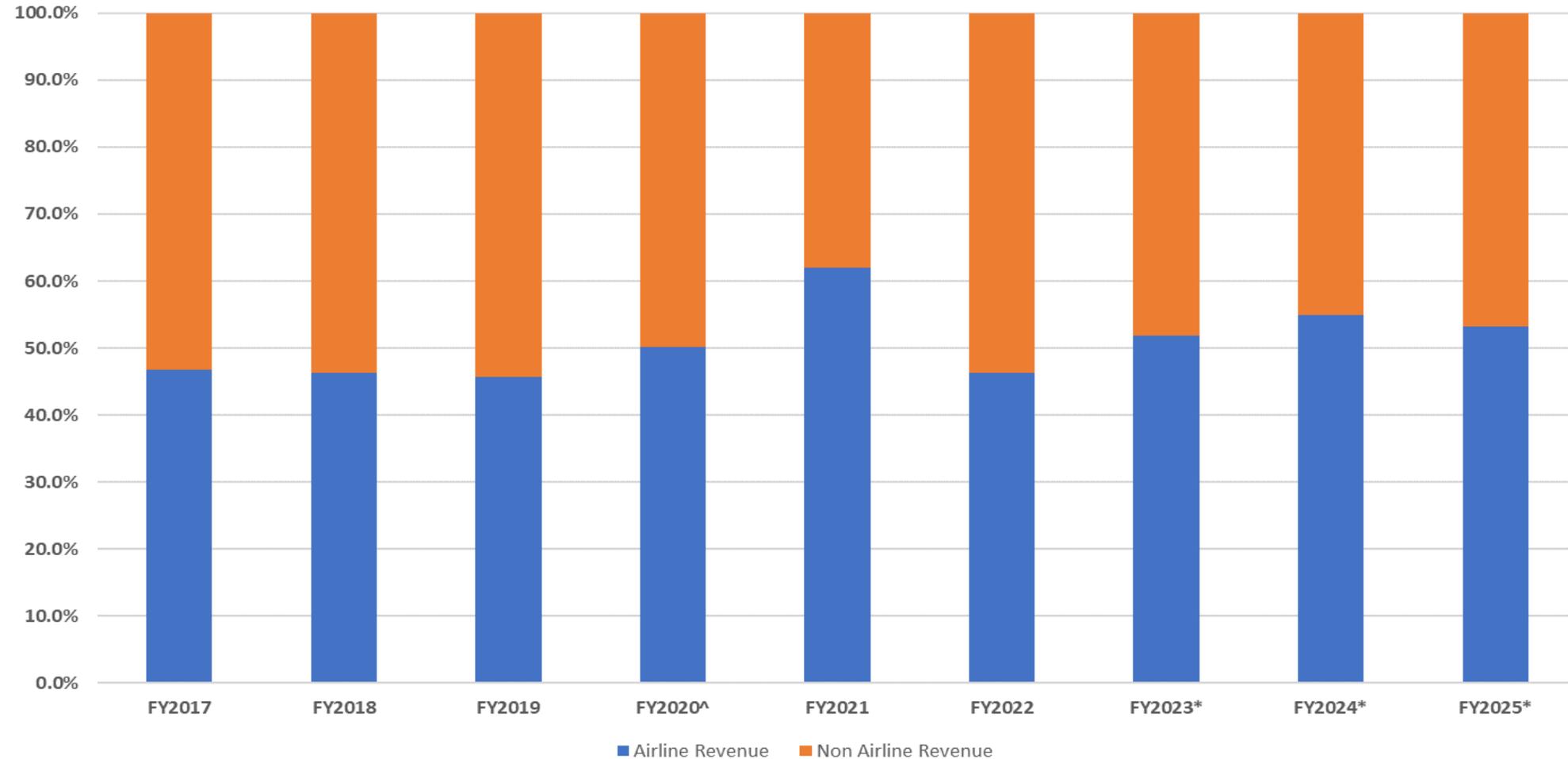
⁴ TNCs GHG (greenhouse gas) program is based on fleet performance

⁵ Courtesy Modes include Hotel/Motel Shuttles

⁶ Annual per vehicle permit fee for 1) Off-Airport Rent-A-Car (these are businesses that provide vehicles for rent to SAN passengers and not based at the RCC and 2) Charters

NOTE: With the exception of the TNC trip-fee contractual fee increase, all other modes' fees remain unchanged in FY24 and FY25.

Revenue - Airline vs Non-Airline



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

^{*} Projected FY 2023, Budgeted FY 2024 & FY 2025

FY 2024 Interest Income & Non-Operating Revenue Increase

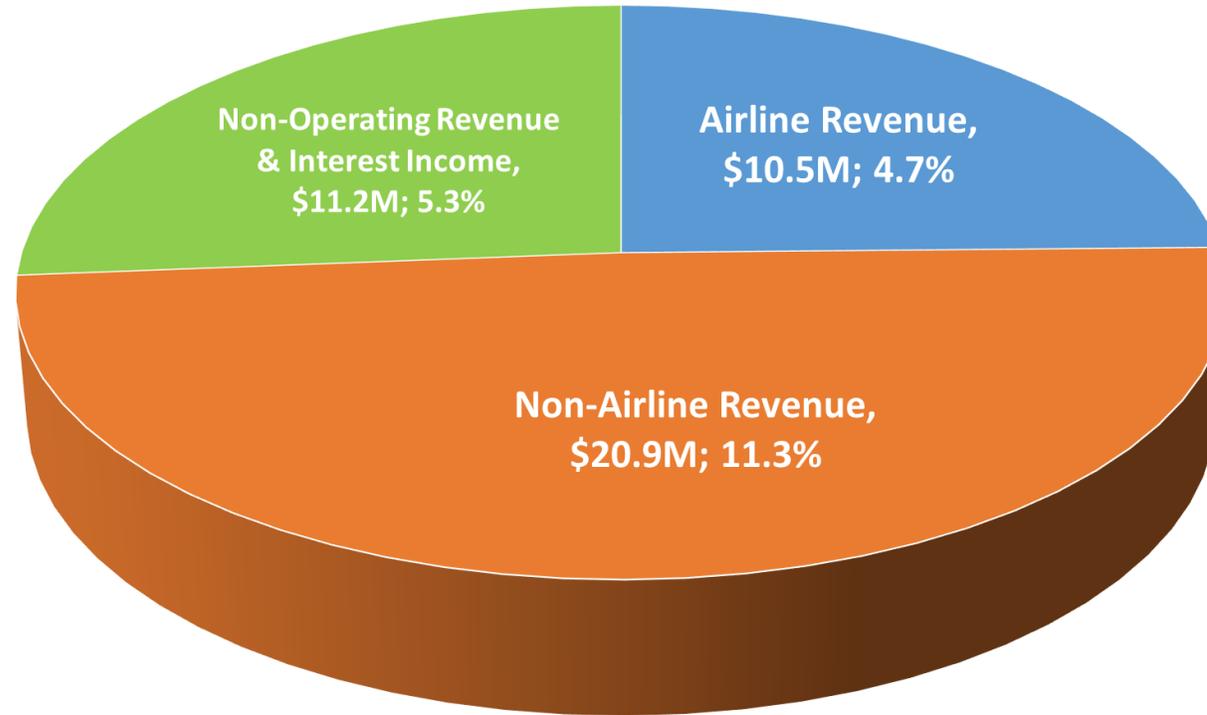
(in thousands)

	FY2023 Budget	FY2024 Proposed Budget	Inc / (Dec) FY24 vs FY23 Budget	% Change
Interest Income	24,072	43,915	19,844	82.4%
Non-Operating Revenue				
Passenger Facility Charges	40,078	45,854	5,777	14.4%
Customer Facility Charges	31,284	34,544	3,260	10.4%
Quieter Home Program	19,065	19,663	598	3.1%
Capital Grant Contributions	32,592	65,934	33,342	102.3%
Total Non-Operating Revenue	123,019	165,995	42,976	34.9%

- **Interest Income:** Issue of new bonds will increase cash balances and market yields have increased
- **Passenger Facility Charges :** increase of \$5.8M due to higher enplanements
- **Customer Facility Charges :** increase of \$3.3M due to higher enplanements
- **Quieter Home Program (QHP):** increase of \$0.6M reflecting utilization of received grant funding
- **Capital Grant Contributions:** increase of \$33.3M due to the higher expenditures on the New T1 grant eligible projects

FY 2025 Budget Revenue Increase vs. FY 2024 Budget

\$42.7M; 6.9%



Total FY 2025 Budget is \$661.1M

FY 2025 Airline Revenue Increase

<i>(in thousands)</i>	FY2024 Proposed Budget	FY2025 Conceptual Budget	Inc / (Dec) FY25 Conceptual vs FY24 Budget	% Change
Operating Revenue				
Airline Revenue				
Landing Fees	\$53,621	\$59,378	\$5,757	10.7%
Aircraft Parking Fees	13,405	14,844	1,439	10.7%
Building Rentals	148,651	151,088	2,437	1.6%
Common Use Fees	10,185	10,210	25	0.2%
Other Aviation Revenue	(2,343)	(1,454)	889	-37.9%
Total Airline Revenue	223,519	234,066	10,547	4.7%

- **Landing Fees:** increase of \$5.8M due to elimination of Federal Relief applied to Airfield in FY25
- **Aircraft Parking Fees:** increase of \$1.4M due to increase in airfield costs
- **Building Rentals:** increase of \$2.4M due to increases in terminal operations expenses and elimination of Federal Relief applied to Terminal in FY25
- **Other Aviation Revenue:** increase of \$0.9M due to decreasing air service incentives

FY 2025 Non-Airline Revenue Increase

<i>(in thousands)</i>	FY2024 Proposed Budget	FY2025 Conceptual Budget	Inc / (Dec) FY25 Conceptual vs FY24 Budget	% Change
Non-Airline Revenue				
Terminal Rent Non-Airline	2,589	2,599	10	0.4%
Terminal Concessions	32,697	33,799	1,102	7.2%
Rental Car License Fees	40,951	42,178	1,227	3.0%
License Fees - Other	8,299	8,551	252	3.0%
Parking Revenue	52,215	68,408	16,193	31.0%
Ground Transportation Permits and Citations	20,287	22,017	1,730	8.5%
Ground Rentals	25,832	26,252	419	1.6%
Grant Reimbursements	296	296	-	0.0%
Other Operating Revenue	1,789	1,800	11	0.6%
Total Non-Airline Revenue	184,955	205,899	20,944	11.3%

- **Terminal Concessions:** increase of \$1.1M reflects increase in enplanements and spending per passenger
- **Rental Car License Fees:** increase of \$1.2M reflects increase in enplanements
- **License Fees - Inflight & Ground Handling :** increase of \$0.3M due to increase in enplanements
- **Parking Revenue:** increase of \$16.2M due to opening of New T1 Parking Plaza, increased number of spaces
- **Ground Transportation Revenue:** increase of \$1.7M due to increase in enplanements and fees adjustment

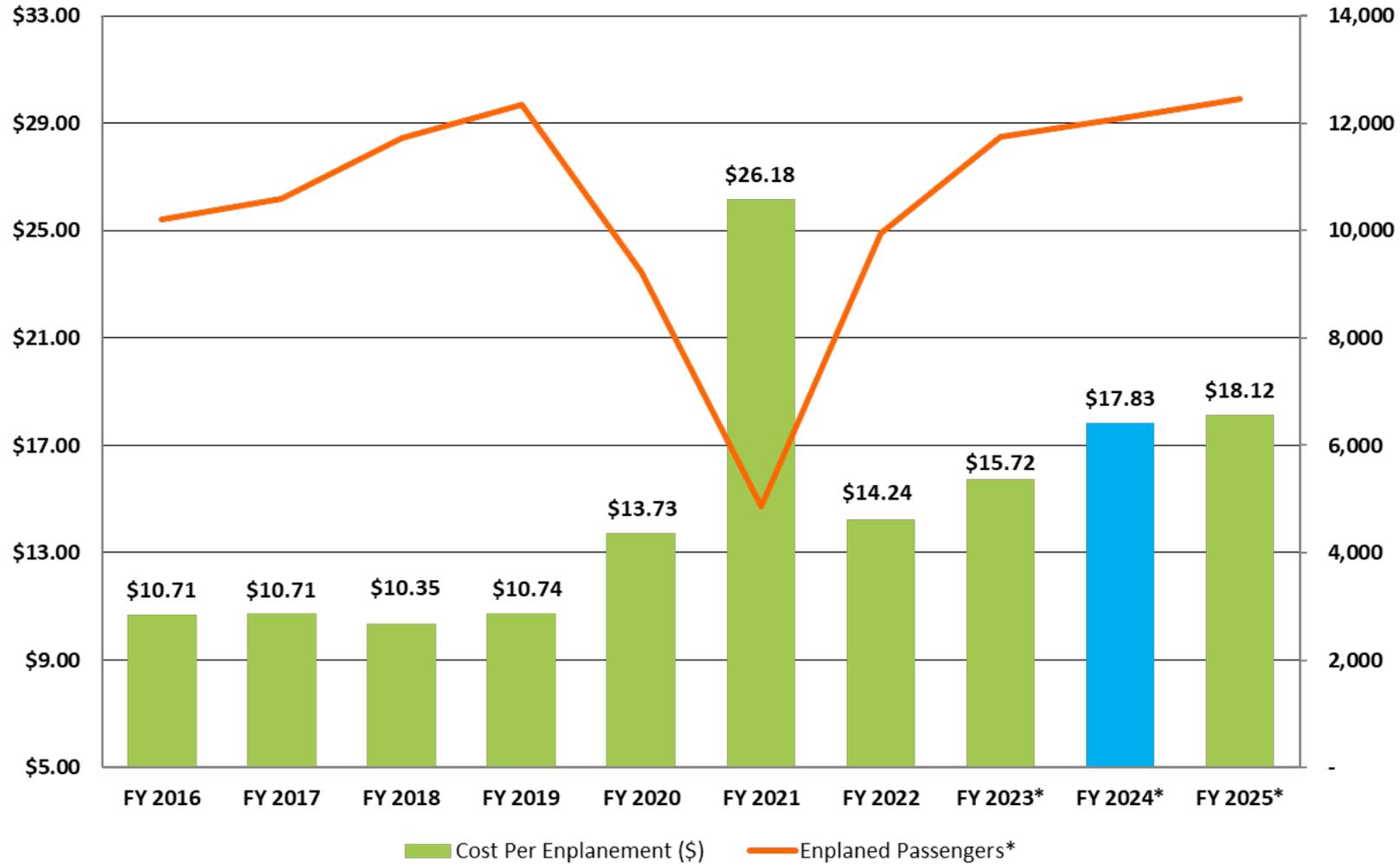
FY 2025 Interest Income & Non-Operating Revenue Increase

(in thousands)

	FY2024 Proposed Budget	FY2025 Conceptual Budget	Inc / (Dec) FY25 Conceptual vs FY24 Budget	% Change
Interest Income	43,915	49,654	5,739	13.1%
Non-Operating Revenue				
Passenger Facility Charges	45,854	47,229	1,374	3.0%
Customer Facility Charges	34,544	35,580	1,036	3.0%
Quieter Home Program	19,663	20,028	365	1.9%
Federal Relief			-	0.0%
Capital Grant Contributions	65,934	68,636	2,702	4.1%
Other Non Operating Revenue			-	0.0%
Total Non-Operating Revenue	165,995	171,472	5,477	3.3%

- **Interest Income:** increase of \$5.7M due to higher cash balance
- **Passenger Facility Charges (PFCs):** increase of \$1.4M due to higher enplanements
- **Customer Facility Charges (CFCs):** increase of \$1.0M due to higher enplanements
- **Quieter Home Program (QHP):** increase of \$0.4M reflecting awarded grant funding
- **Capital Grant Contributions:** increase of \$2.7M reflects the grant funding for New T1 projects

Airline Cost Per Enplaned Passenger

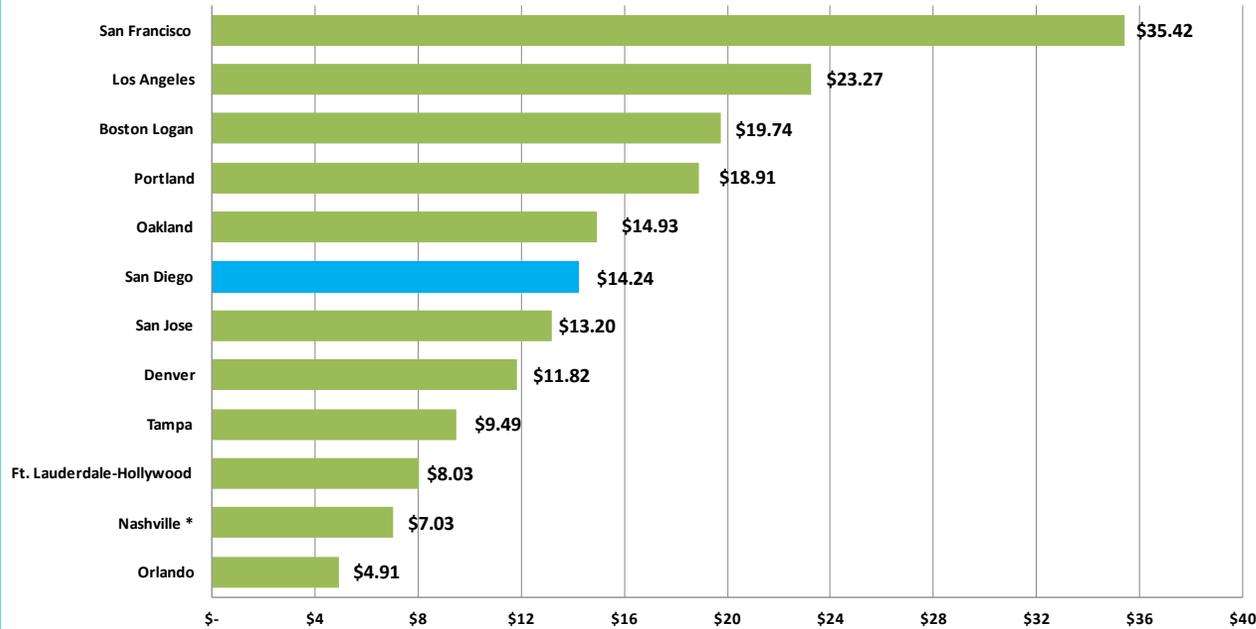


* Projected FY 2023, Budgeted FY 2024 & FY 2025

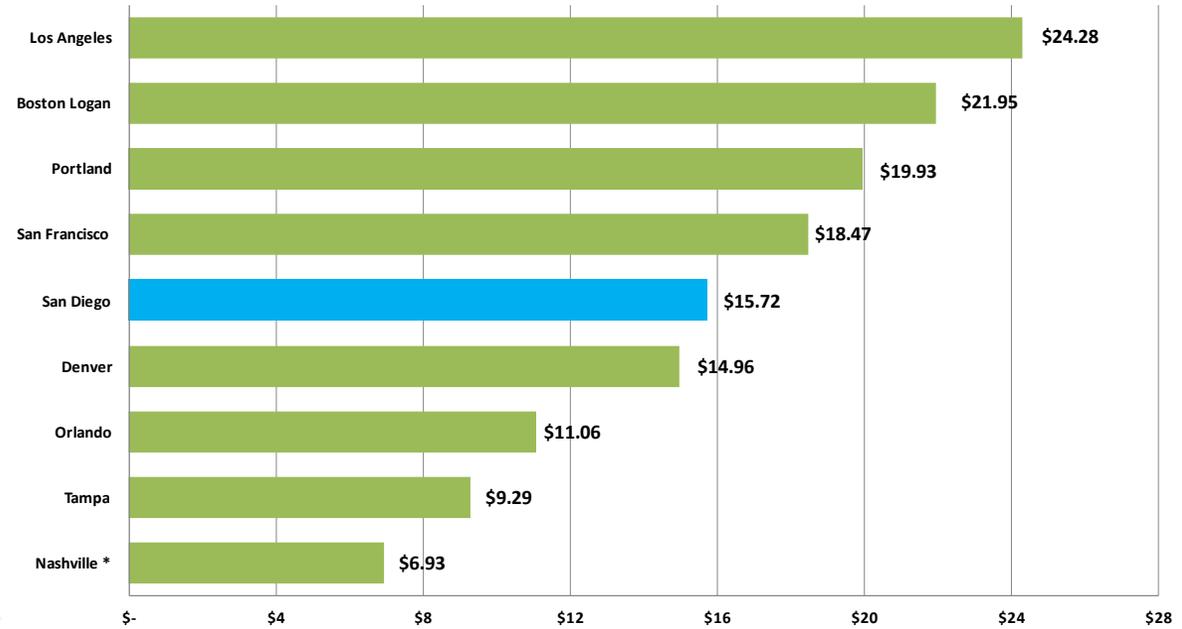
Airline Cost Per Enplaned Passenger

By Select Airports

FY 2022



FY 2023*

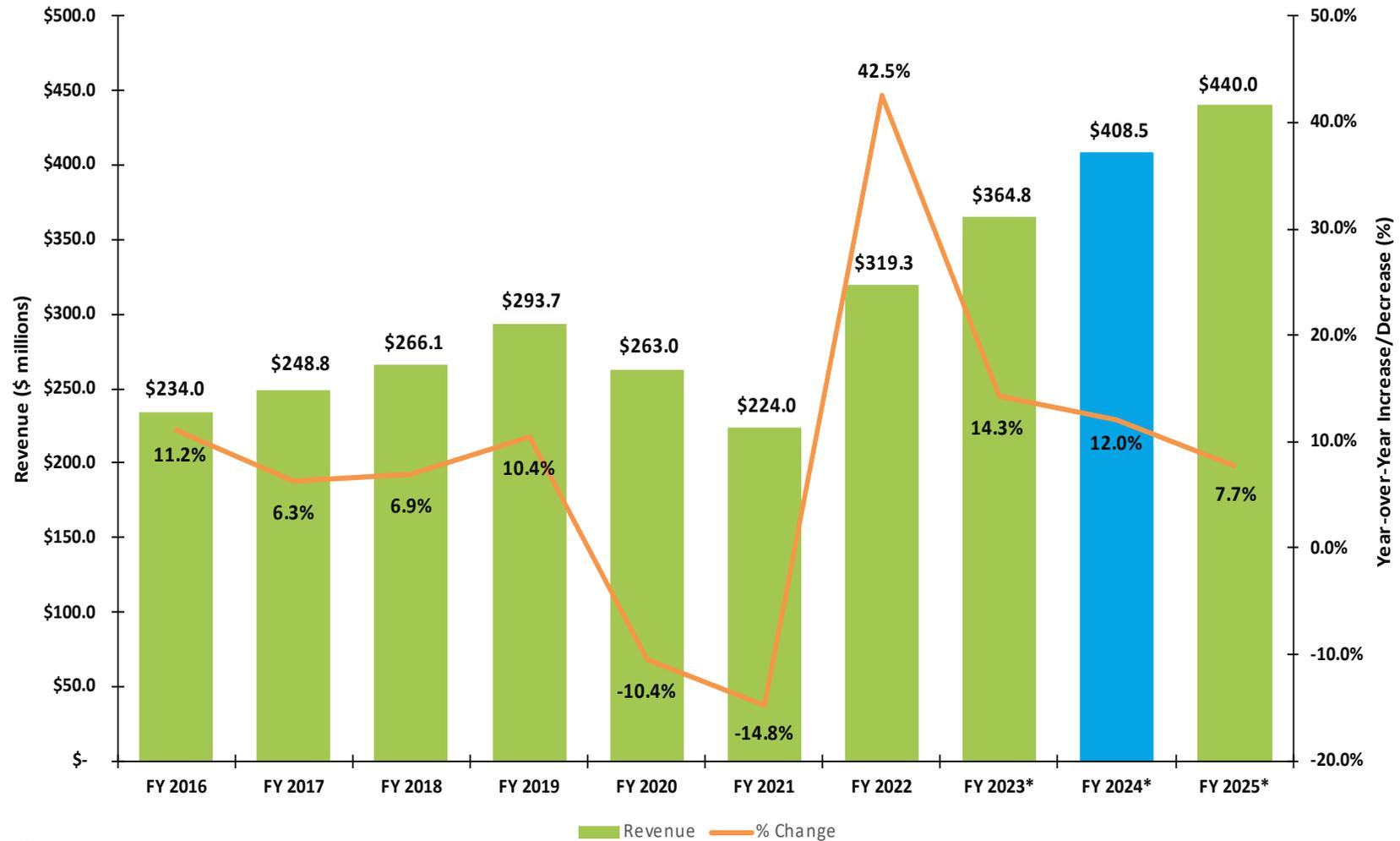


* FY 2023 projected

^ Nashville FY 2022 and FY 2023 projected – Source: BNA Board Meeting Minutes, April 2022.

Sources: FAA CATS Report 127 and Airport Financial Statements, Official Statements (Reports of the Airport Consultant)

Operating Revenue FY 2016 - FY 2025





Expense Budget Overview

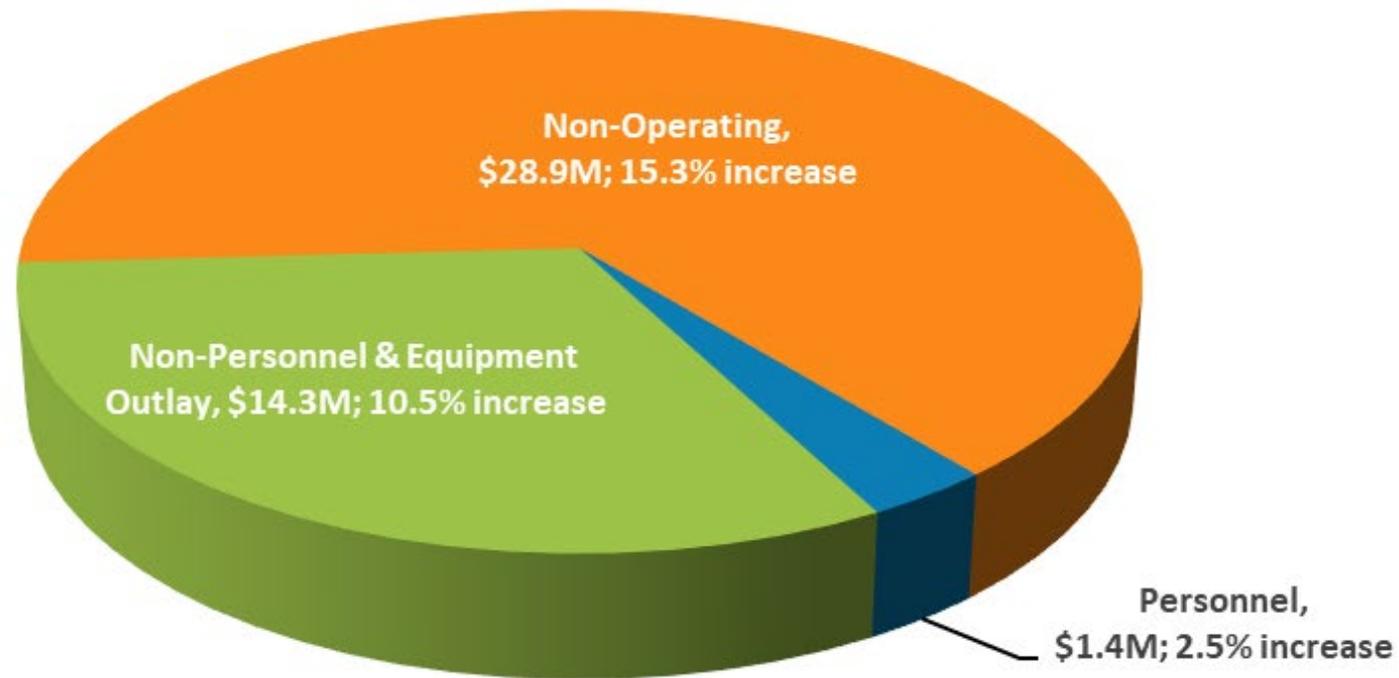
FY 2024 - FY 2025 Proposed Budget Expense Summary

(In Thousands)

	FY2021 Actuals	FY2022 Actuals	FY2023 Budget	FY2024 Proposed Budget	Inc / (Dec) FY24 Budget vs FY23 Budget	% Change	FY2025 Conceptual Budget	Inc / (Dec) FY25 Conceptual vs FY24 Proposed	% Change
Operating Expenses									
Salaries	35,655	38,166	42,535	44,381	1,846	4.3%	47,098	2,717	6.1%
Benefits	22,974	13,703	21,827	20,970	(857)	-3.9%	22,711	1,741	8.3%
Subtotal	58,629	51,869	64,363	65,351	989	1.5%	69,809	4,458	6.8%
Less: Capitalized Labor Recharge	(5,112)	(4,870)	(6,893)	(6,472)	421	-6.1%	(6,796)	(324)	5.0%
Less: QHP Labor Recharge	(595)	(626)	(695)	(665)	30	-4.3%	(698)	(33)	5.0%
Total Personnel Costs	52,922	46,373	56,775	58,215	1,440	2.5%	62,315	4,101	7.0%
Contractual Services	24,977	34,491	46,720	55,775	9,055	19.4%	58,346	2,571	4.6%
Safety and Security	35,086	34,191	38,064	37,248	(816)	-2.1%	39,084	1,835	4.9%
Space Rental	10,267	11,330	10,501	10,573	72	0.7%	10,591	18	0.2%
Utilities	11,730	14,193	16,556	21,566	5,010	30.3%	23,913	2,347	10.9%
Maintenance	9,111	10,747	12,170	12,767	596	4.9%	13,501	734	5.8%
Operating Equipment & Systems	425	340	1,045	355	(690)	-66.0%	370	16	4.4%
Operating Supplies	450	496	706	765	59	8.4%	742	(23)	-3.0%
Insurance	1,519	1,741	2,005	2,219	214	10.7%	2,434	216	9.7%
Employee Development	442	537	854	949	94	11.0%	963	15	1.5%
Business Development	209	1,781	2,953	3,193	240	8.1%	3,500	307	9.6%
Equipment Rentals and Repairs	3,120	3,154	3,910	4,223	313	8.0%	4,252	29	0.7%
Tenant Improvements	260	431	692	857	164	23.8%	891	34	4.0%
Total Non-Personnel Costs	97,593	102,941	136,177	150,488	14,312	10.5%	158,586	8,098	5.4%
Total Operating Expenses	150,515	149,314	192,952	208,703	15,751	8.2%	220,901	12,199	5.8%
Joint Studies / Sound Attenuation	15,526	16,934	21,166	21,763	597	2.8%	23,128	1,365	6.3%
Debt Service	104,587	140,392	167,660	195,911	28,251	16.9%	237,868	41,957	21.4%
Legal Settlement Expense	161	-	10	25	15	150.0%	25	-	0.0%
Other Non-Operating Expenses	430	100	-	-	-	0.0%	-	-	0.0%
Total Non-Operating Expenses	120,704	157,426	188,836	217,699	28,863	15.3%	261,021	43,322	19.9%
Total Expenses	271,219	306,741	381,788	426,402	44,614	11.7%	481,923	55,521	13.0%
Equipment Outlay Expenditures	475	954	988	964	(25)	-2.5%	1,208	244	25.3%
Total Authority Expenses Incl Equip Outlay	271,695	307,695	382,776	427,366	44,590	11.6%	483,131	55,765	13.0%

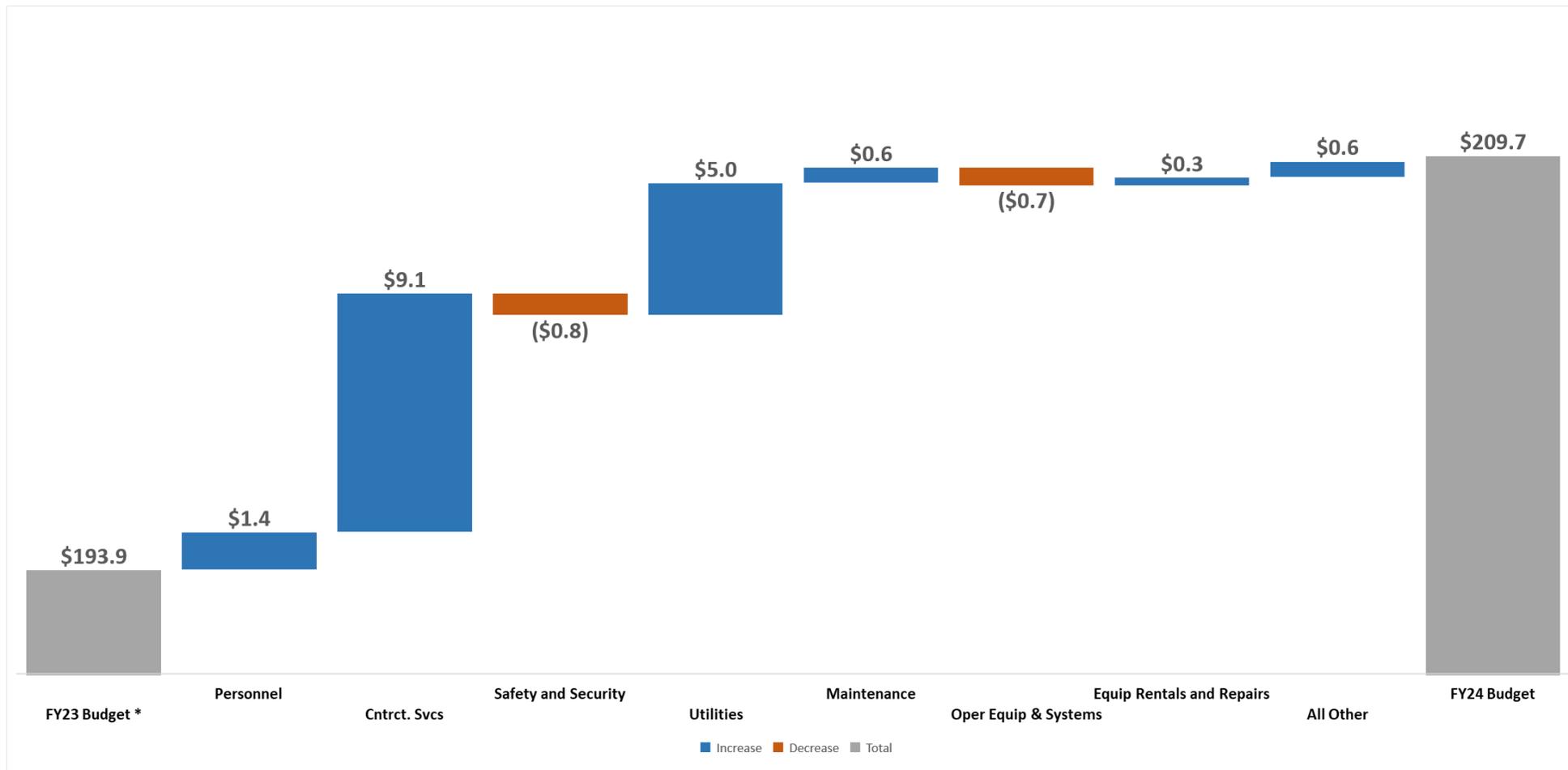
FY 2024 Budget Expense Increase vs. FY 2023 Budget

\$44.6M (11.6%)



Major Drivers of FY24 Budget vs FY23 Budget

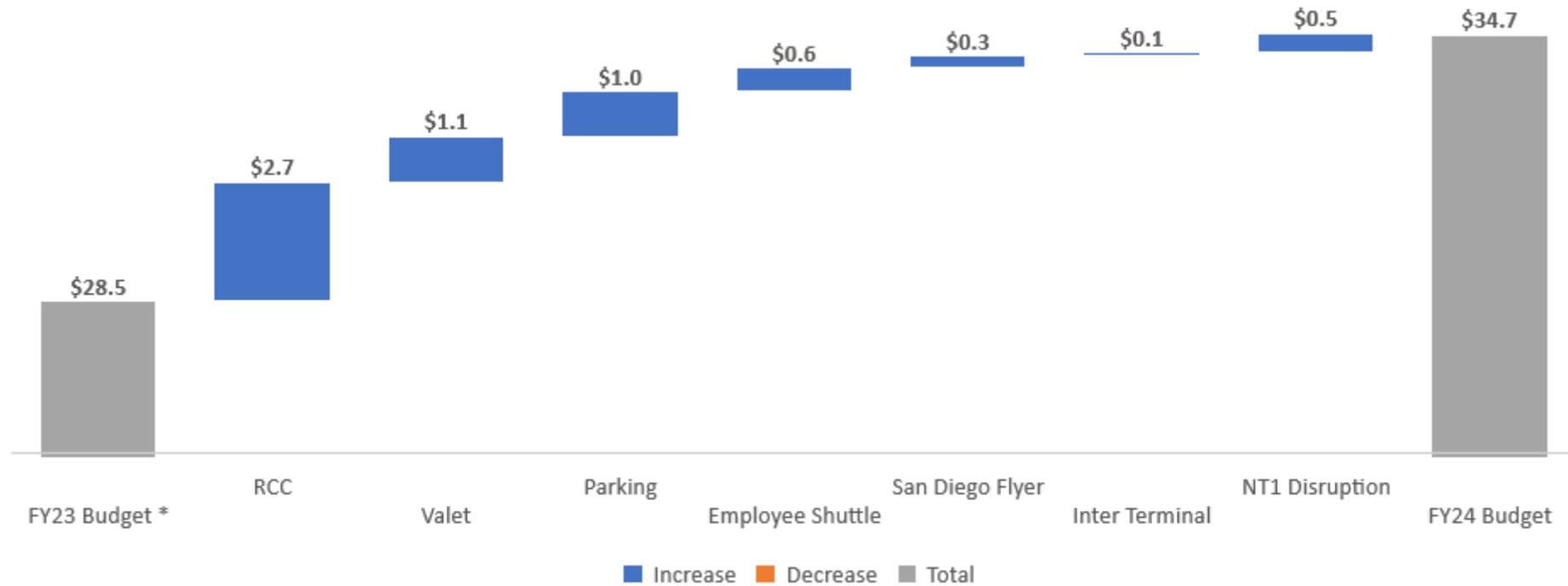
Operating Expense +\$15.7M (8%)



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

Major Drivers of FY24 Budget vs FY23 Budget

GT Parking & Shuttle Services (Contractual Services) +\$6.2M (22%)

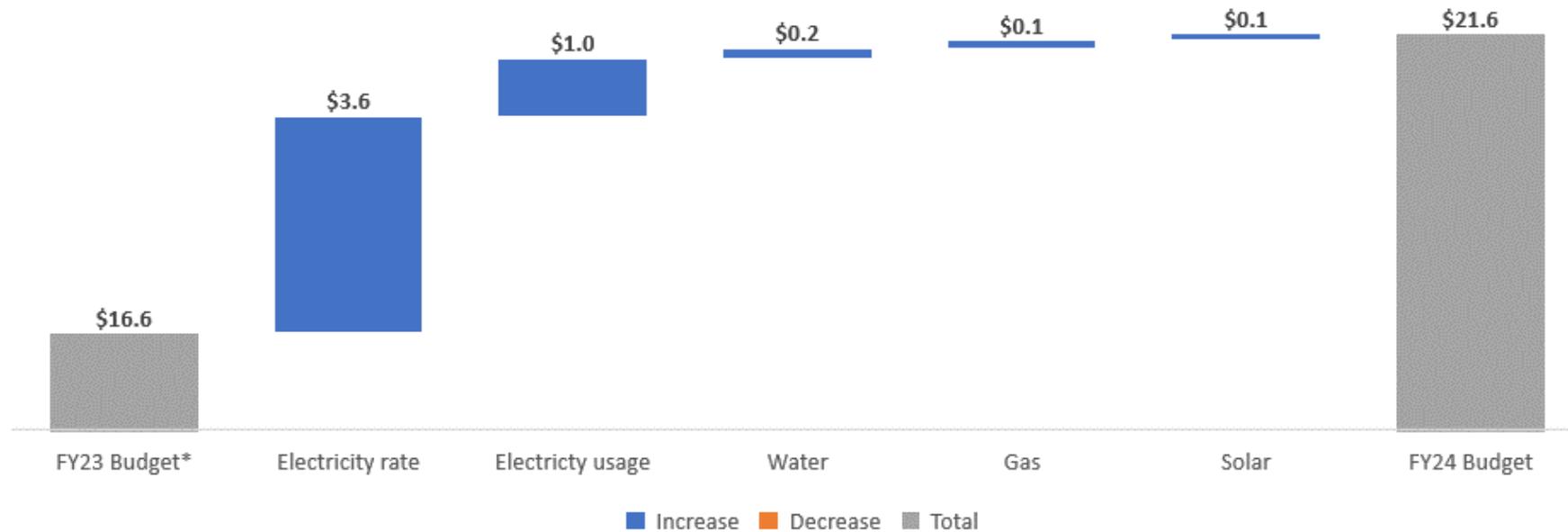


(in Millions)

* Budget starting point not indicative of scale

Major Drivers of FY24 Budget vs FY23 Budget

Utilities +\$5M (30%)

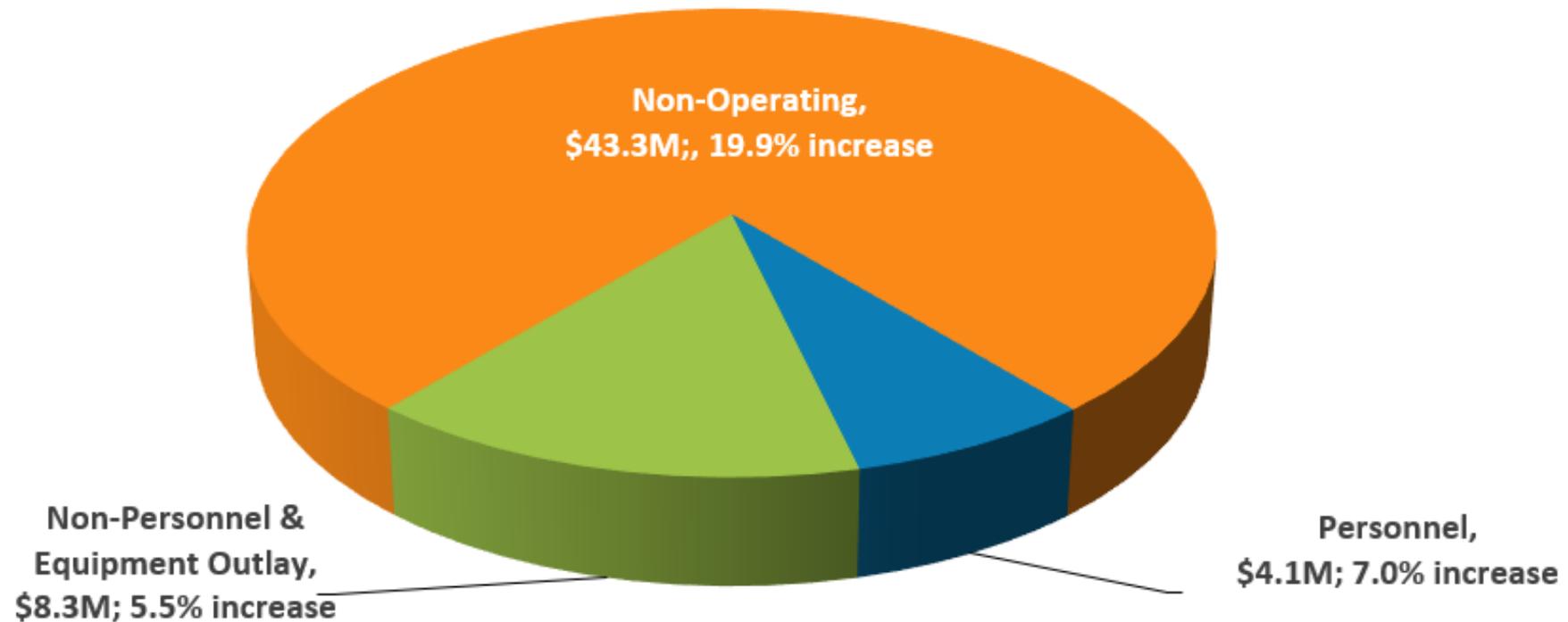


(in Millions)

* Budget starting point not indicative of scale

FY 2025 Budget Expense Increase vs. FY 2024 Budget

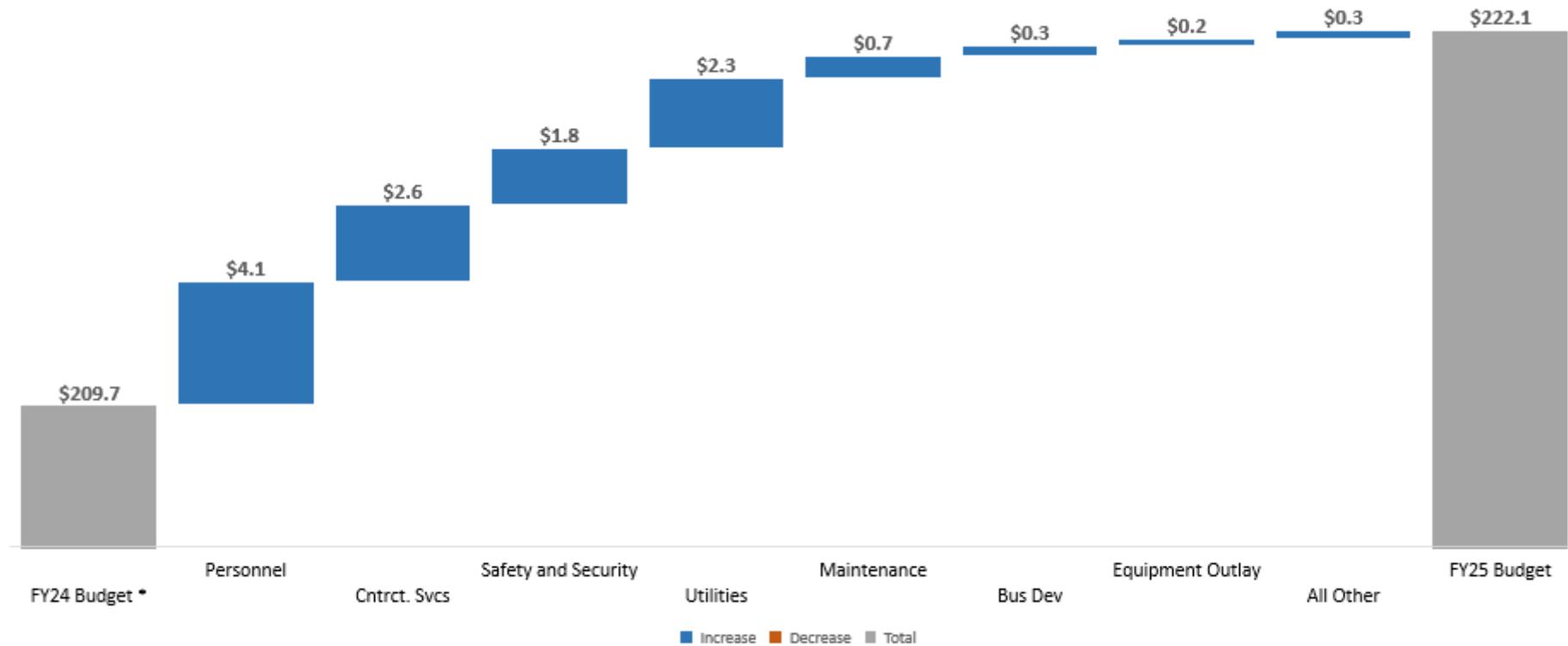
\$55.8M (13.0%)



Total FY 2025 Budget is \$483.1M

Major Drivers of FY25 Budget vs FY24 Budget

Operating Expense +\$12.4M (5.9%)

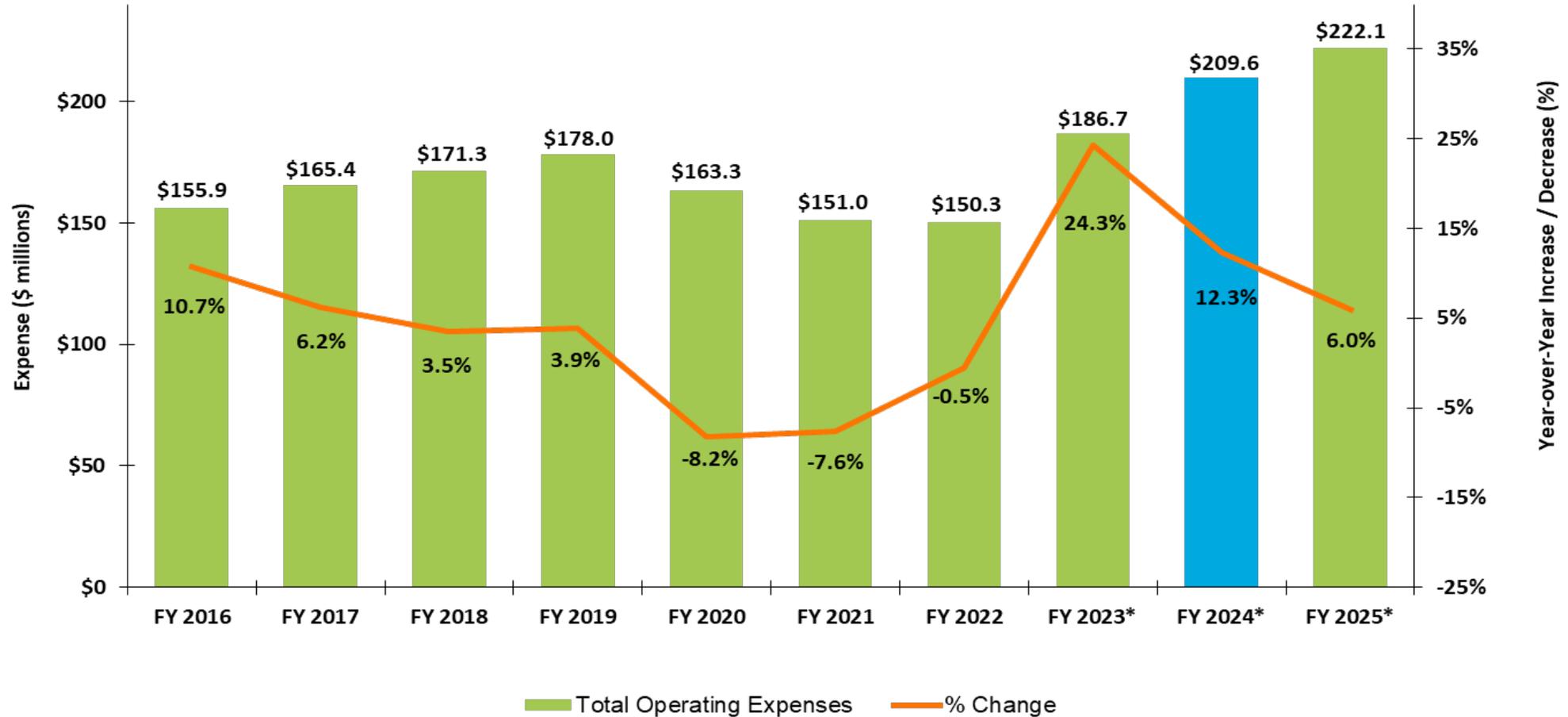


(in Millions)
 * Budget starting point not indicative of scale

Total Operating Expenses

(incl. Equipment Outlay)

FY 2016 - FY 2025





Budget Summary

Budget Summary

Statement of Activity

<i>(In Thousands)</i>	FY 2023 Budget	FY 2023 Forecast	Inc / (Dec) FY23 Forecast vs FY23 Budget	% Change	FY 2024 Proposed Budget	Inc / (Dec) FY24 Budget vs FY23 Forecast	% Change
Operating Revenue							
Airline Revenue	\$ 196,108	\$ 188,985	\$ (7,123)	-3.6%	\$ 223,519	\$ 34,534	18.3%
Non-Airline Revenue	142,288	175,638	33,350	23.4%	184,955	9,317	5.3%
Total Operating Revenue	338,396	364,623	26,227	7.8%	408,474	43,851	12.0%
Total Operating Expenses	192,952	185,099	(7,853)	-4.1%	208,703	23,604	12.2%
Depreciation & Amortization	139,000	139,000	-	0.0%	139,958	958	0.7%
Operating Income/ (Loss)	6,444	40,524	34,080	528.8%	59,814	19,290	47.6%
Total Non-Operating Revenue/(Expenses), Net	(24,490)	(10,798)	13,691	-55.9%	(2,269)	8,529	-79.0%
Income/ (Loss) before Capital Grant Contributions and Federal Relief	(18,045)	29,726	47,772	-264.7%	57,545	27,819	93.6%
Capital Grant Contributions	32,592	49,827	17,235	52.9%	65,934	16,107	32.3%
Net Income/ (Loss) *	\$ 14,547	\$ 79,553	65,007	446.9%	\$ 123,478	43,925	55.2%

* Excludes principal payments on debt and capital outlay



Capital Program Budget Fiscal Years 2024-2028

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 FY 2023 Total Capital Program - 74 projects - \$3.87 Billion**
 - Capital Improvement Program (CIP) - \$407.56 Million
 - New T1 - \$3.46 Billion

Current/Proposed Capital Program - Project Locations

Project Location	FY2023-2027	FY2024-2028
Airside	21	23
Terminal	21	14
Landside	21	17
Administrative	<u>11</u>	<u>15</u>
Totals	74	69

- FY2023 Closeouts/Cancellations - 16 projects
- FY2024 New Proposed - 11 projects

Proposed New FY 2023 - 2027 CIP Projects

(in thousands)

Description	Expected Start Date	Estimated Budget
Taxiway B Asphalt Rehabilitation	Summer 2024	\$ 5,200
Airport Electrical Infrastructure Plan	Summer 2023	\$ 5,200
Taxiway B Joint Seal Improvements	Summer 2024	\$ 3,800
Terminal 2 Transportation Islands Enhancements	Winter 2024	\$ 3,800
Campus-Wide Electric Submetering	Summer 2023	\$ 3,400
Video Surveillance System Storage	Summer 2023	\$ 2,700
Perimeter Fence Improvement	Winter 2026	\$ 2,100
Pavement Management Study	Winter 2024 and Winter 2027	\$ 1,300
Taxiway Alpha Extension Study	Summer 2023	\$ 1,000
Airport IT Rooms Audit & Analysis	Summer 2023	\$ 650
PMWeb Upgrade	Winter 2026	\$ 400



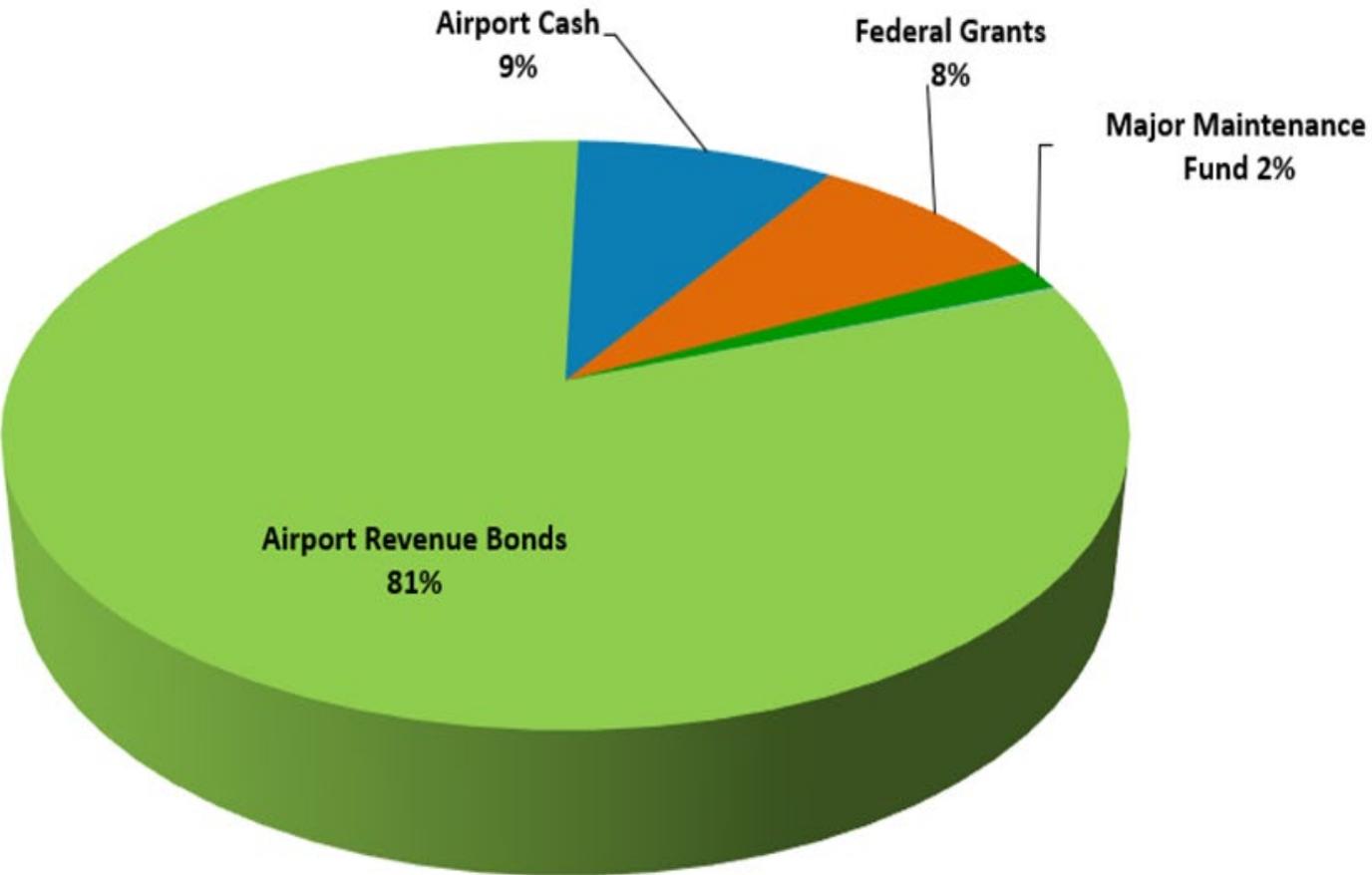
Plan of Finance Fiscal Years 2024 - 2028

Uses of Funds by Location FY 2024 - FY 2028

(in thousands)

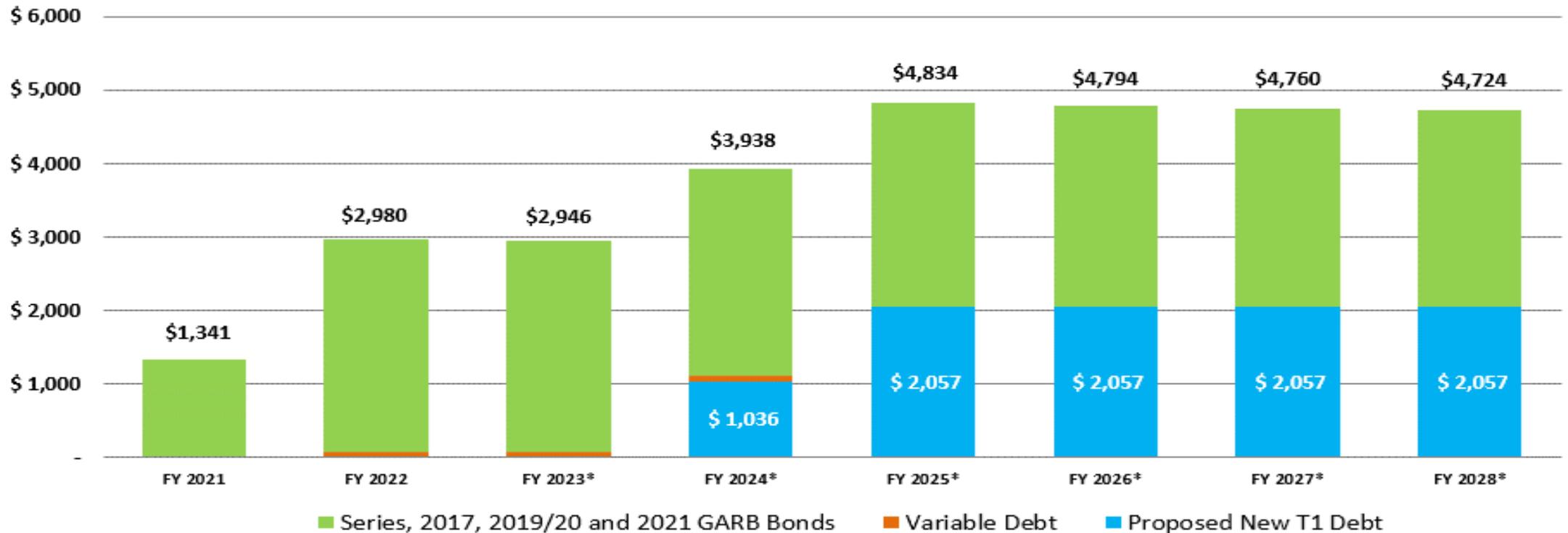
Location	New T1	CIP	Total
Terminal	\$ 2,582,854	\$ 122,048	\$ 2,704,902
Landside & Ancillary	459,899	135,145	595,044
Airside	313,498	66,023	379,521
Administrative	108,049	66,033	174,082
Total	\$ 3,464,300	\$ 389,249	\$ 3,853,549

Total Sources of Funds Pre FY 2024 - FY 2028



Aggregate Debt FY 2021 - FY 2028

(in millions)

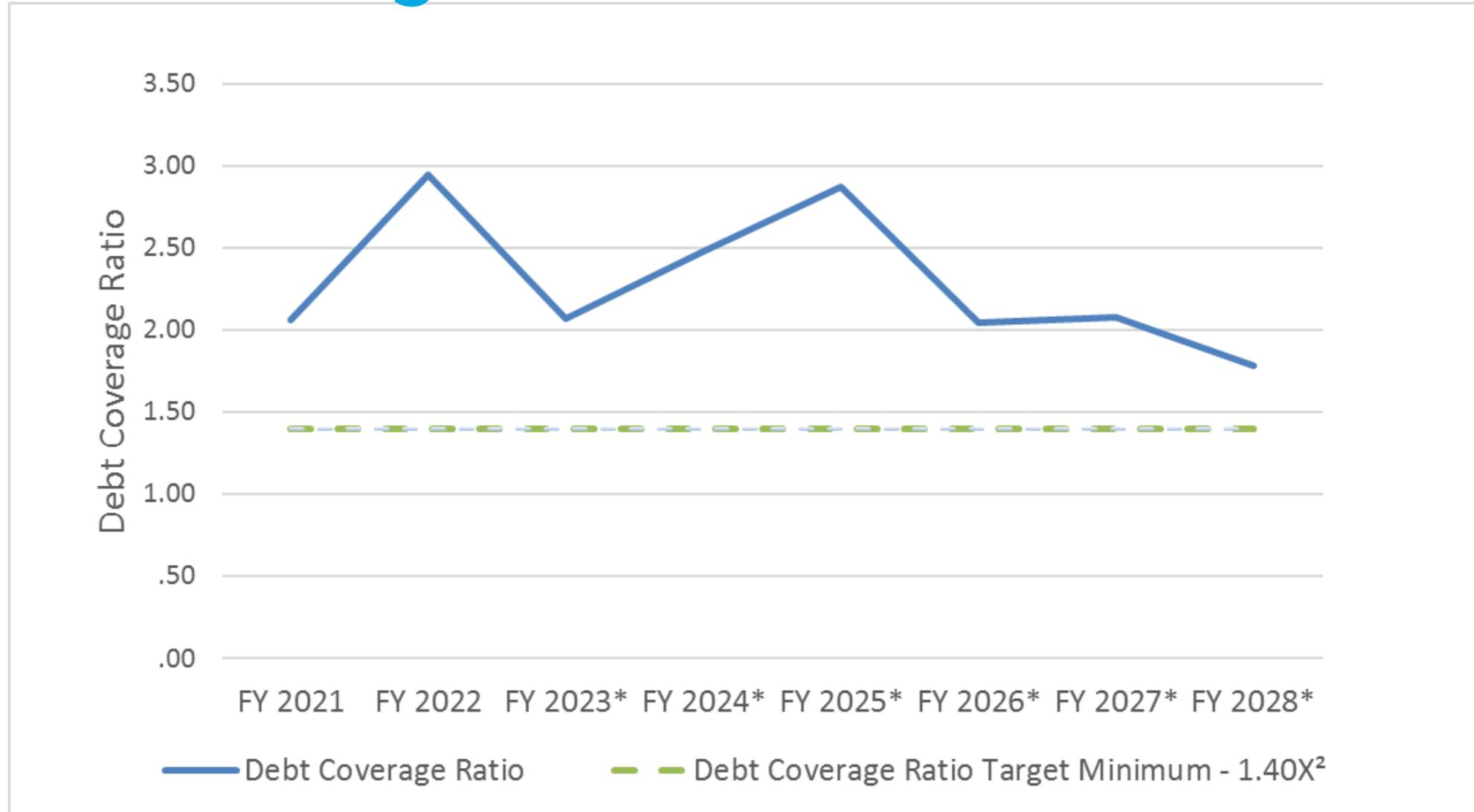


General Airport Revenue Bond (GARB) Debt Service

(in millions)



Debt Coverage Ratio



* Forecasted FY 2023- FY 2028

Leverage

	FY 2022	FY 2023*	FY 2024*	FY 2025*
Total Principal Outstanding	\$2,979,780	\$2,945,740	\$4,001,043	\$4,961,291
Less: Unrestricted Cash	(393,788)	(584,989)	(597,802)	(630,672)
Less: Debt Service Reserve Fund	(182,588)	(182,550)	(248,650)	(315,250)
Net Debt Outstanding	\$2,403,404	\$2,178,201	\$3,154,591	\$4,015,369
Net Revenues for Debt Service	\$275,967	\$205,471	\$256,154	\$280,538
Plus: Capitalized Interest	38,801	76,437	104,084	152,528
Total Net Revenues for Debt Service	\$314,769	\$281,907	\$360,237	\$433,065
Net Debt/CFADS	7.6	7.7	8.8	9.3
Enplanements	9,953	11,750	12,100	12,463
Debt per EPAX	\$299	\$251	\$331	\$398



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 and resources to continue with the New T1
- Provides resources to deliver the New T1 communication plan
- Allocates funding to execute technology initiatives
- Promotes focus to continue cultivating our culture



Questions?



Thank You!