
Airport

FY2015 Budget Presentation

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Charlotte-Douglas[®]
INTERNATIONAL AIRPORT

Airport Budget

Council Budget Workshop

March 19, 2014



Airport Mission & Growth Strategy

Mission:

Charlotte Douglas International Airport will maintain its cost competitiveness while providing value to its passengers and business partners.

Growth Strategy:

Charlotte Douglas International Airport will respond to its business partners and grow facilities based on demand. The Airport will engage in economic development efforts to ensure its continued success and promote new global development opportunities.



Fast Facts

- Served by 6 Signatory Carriers
- Low Cost Per Enplaned Passenger (CPE)
- Passenger Growth Exceeding National Average
- 733 average daily departures
- 552,093 aircraft operations in 2013
- 43.5M Passengers in 2013; 5% increase
- Nationwide Rankings 2012:
 - 6th in Movements/Operations
 - 8th in Passengers

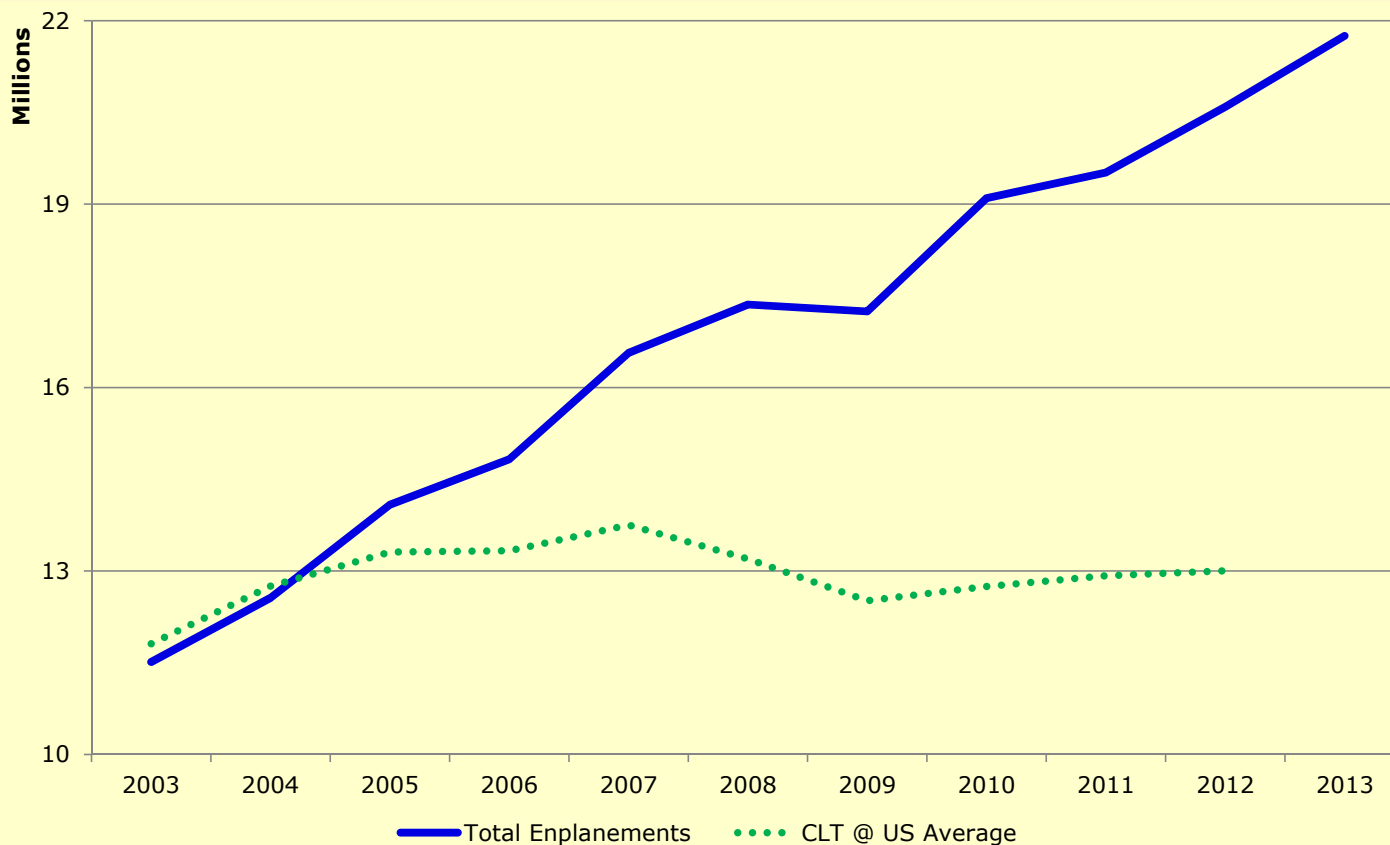


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Growth Continues at Record Pace

Passenger Enplanements Actuals versus Forecasted Growth based on US Average



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Federal Rates & Charges Framework

- Airlines pay for what they use. Cost recovery only
- no profit
- Federal guidelines mandate rates and charges methodologies generally be fair and equitable, cost-based, and transparent
- FAA grant assurances require CLT to operate in a financially self-sufficient manner



Bond Order

- Pledged Revenues = Included Revenues; including
 - Airline
 - Concession
 - Parking
- Non-Pledged Revenues = Excluded Revenues; including
 - Cargo
 - Fixed Base Operator (General Aviation)
 - Commercial Leasing
- Obligates the Airport to collect sufficient revenues to pay included operating expenses (O&M) and debt service



Airline Lease (1985-2016)

- Signatory carriers sign a long-term lease with the City and commit to debt service
- Signatory carriers receive a profit share
- The lease establishes required cost centers and defines cost allocations to:
 - Public Airfield Facilities (PAF)
 - Terminal Complex (TC)
 - Airport Services Fees (ASF)
- The lease defines specific rates and charges methodology to recover costs

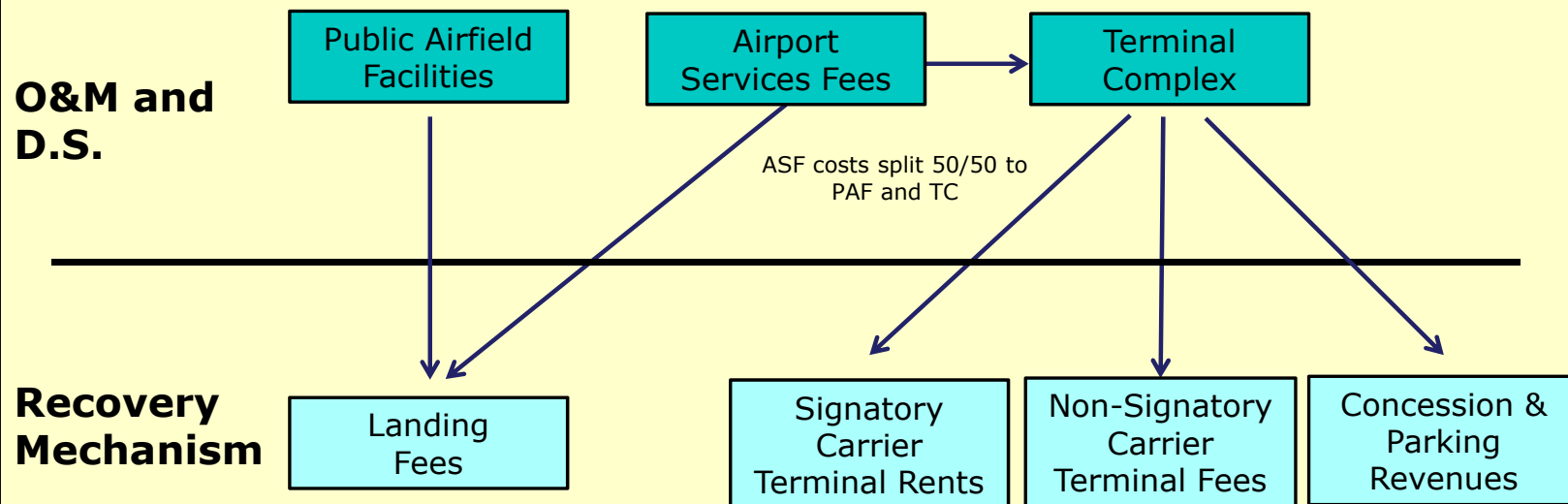


Proposed Rates & Charges Process

- Start with department budget –operating expenses (O&M), and debt service
- Remove excluded expenses
- Allocate included expenses to various cost centers (PAF, TC, ASF)
- Results in total airline billings comprising:
 - Landing fee (signatory and non-signatory)
 - Signatory carrier terminal rent(s) (O&M, ASF, capital)
 - Non-signatory carrier terminal rents (use fee, jetbridge fee, FIS fee)



Cost Allocation





Rates & Charges Reconciliation

- After FY close, budgeted revenues and expenses are reconciled to actuals
- Non-Airline Terminal Revenues (NTR) are netted against costs
- If Net NTR is positive, airlines receive 40% of profit share
- If Net NTR is negative, airlines pay 100% of shortfall



FY15 Areas of Emphasis

- **Focus on Asset Preservation**
 - Staffing for a 24/7 Airport
 - Providing excellent passenger experience and amenities
 - Meeting expectations of “New” American as the 2nd largest hub of the world’s largest airline
- **Maintain Cost Advantage and Focus on Proactive Management**
 - Update of key planning documents
 - Proper staffing and contracts to meet O&M needs, provide administrative oversight of revenue contracts, and establish policies and procedures to insure proper internal controls
 - Maintain low industry costs per enplanement and key financial targets to maintain/improve credit rating
- **Emphasis on Economic Development Opportunities**
 - Expanded Foreign Trade Zone
 - New positions dedicated to economic development and revenue contract management
 - Partner with city and community to identify business opportunities



Operating Budget Priorities

- Personal Services
 - Create new economic development role
 - Implement new org structure for additional oversight
 - Transition long-term temp positions to full-time status
 - Create business affairs division to manage revenue contracts
 - Additional maintenance positions dedicated for 2nd and 3rd shifts and weekends
 - Create public safety manager role



Operating Budget Priorities

- **Contractual Services**
 - Technology contracts to enhance customer service
 - Financial services contracts to ensure continued oversight
 - Additional costs associated with customer-facing contracts, due to increased passengers and customer service efforts
- **Commodities**
 - Additional utility costs associated with terminal enhancements and expansion
 - Additional fuel costs due to expanded bus fleet
- **Operating Capital**
 - Continued investment in parking fleet replacement
 - Acquisition of airfield equipment to ensure safety and improve efficiency of airfield



Future Budget Priorities

- Additional maintenance and operations resources for a 24/7 operation
- Additional oversight and controls in areas of:
 - Finance
 - Procurement
 - Public Affairs
 - Technology
- Continued development of business affairs division



Capital Budget Priorities

- **Airfield Projects**
 - High-Speed Taxiway
 - Cargo Ramp Expansion
 - Runway 18L/36R and Associated Taxiway Rehabilitation
 - Fourth Parallel Runway
- **Terminal Projects**
 - Checked Baggage In-Line System
 - Terminal Building West Expansion
 - East Terminal Expansion II
 - Electrical Infrastructure Upgrade
- **Access/Roadways/Parking**
 - Hourly Parking Deck/Rental Car Facility
 - Terminal Curbside Roadway
 - Airport Entrance Road
 - Business Valet Deck II
 - Remote Rental Car
- **Other**
 - Masterplan Update

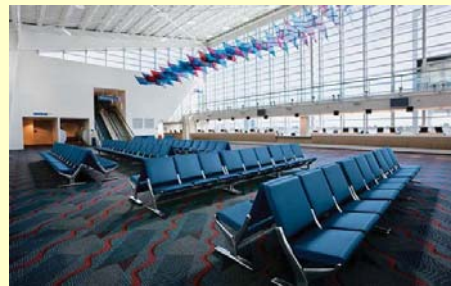


Preserving Assets

Terminal Rehabilitation Project

- Concourse A
 - \$3,315,286
- Concourse B
 - \$7,260,201
- Concourse C
 - \$7,537,985
- Atrium
 - \$4,693,650
- Terminal Systems
 - \$9,304,750

Furniture



Flooring



Wall Panels



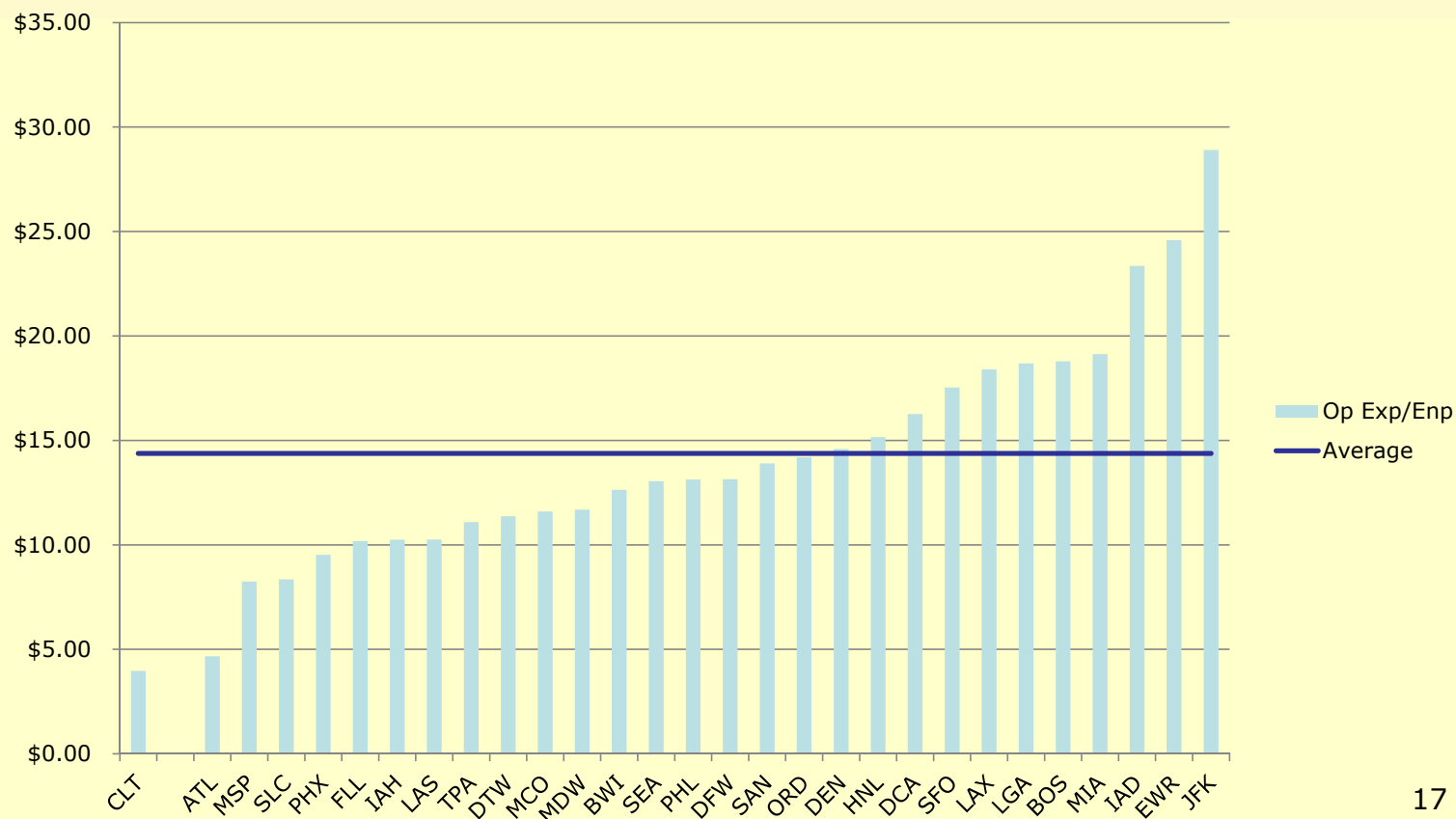
Ceiling





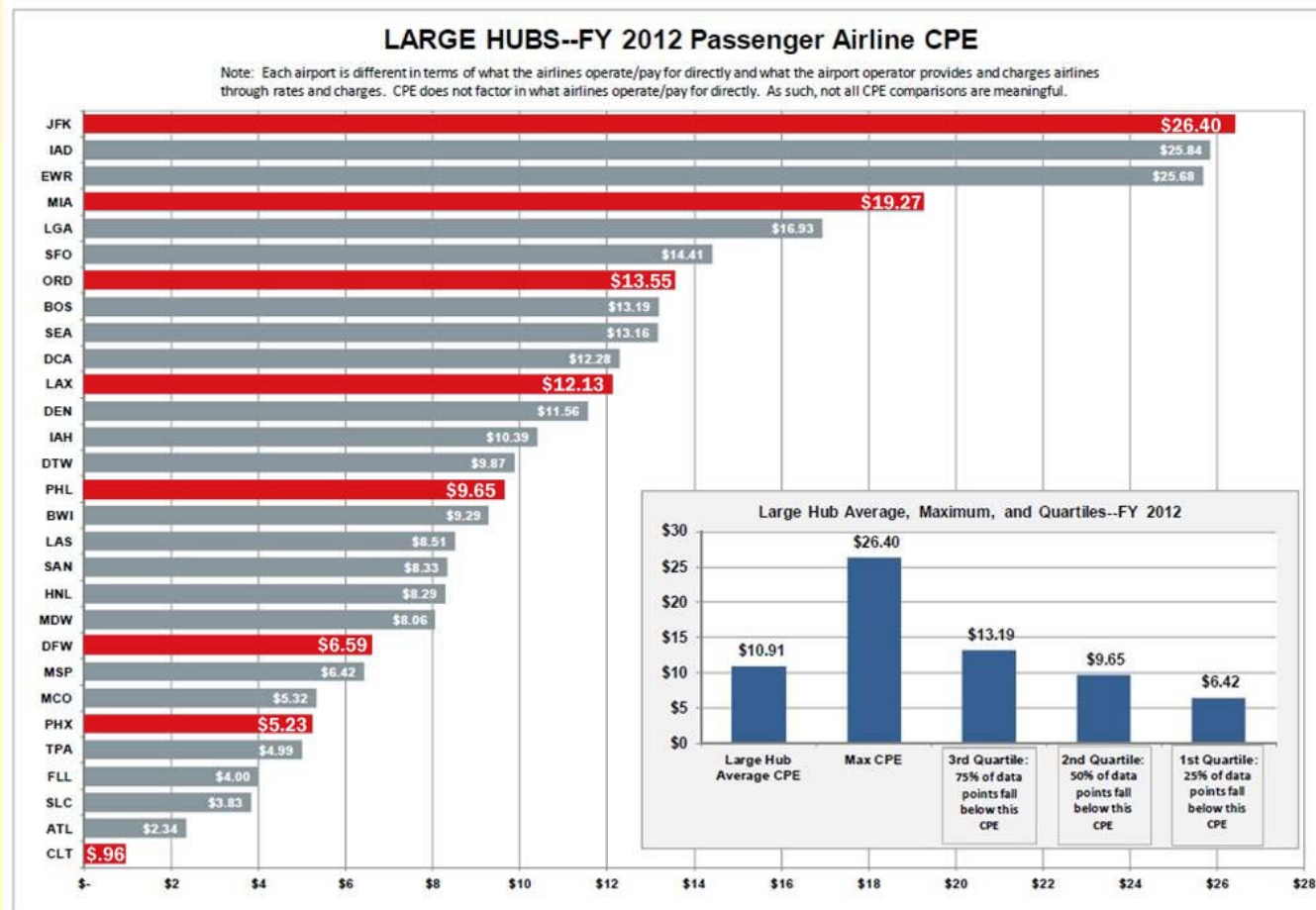
Committed to Maintaining Cost Advantage

Operating Expense Per Enplaned Passenger Comparison FY 2012





CLT Maintains Cost Advantage



Sources: CAFRs/annual reports, rating agency press releases, and/or bond official statements.

FAA CATS data used if those sources are not available.

American Airlines hubs noted in red





FY2015 Budget Summary

- Focusing on cost competitiveness and reliability
- Preserving assets
- Providing facilities to meet demand
- Enhancing economic development opportunities to promote global competitiveness

The Airport anticipates increased costs to recalibrate to its mature size, while remaining focused on offering a compelling cost advantage over other airports.